

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

BETWEEN:

ICICI BANK CANADA

Applicant

-and-

2058756 ONTARIO LIMITED

Respondent

THE THIRD REPORT OF
A. JOHN PAGE & ASSOCIATES INC.
AS THE COURT APPOINTED RECEIVER
OF CERTAIN ASSETS OF 2058756 ONTARIO LIMITED

Dated August 8, 2013

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**") without security 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 order of the Honourable Mr. Justice Brown dated June 21, 2012 is attached as ***Exhibit "A"*** ("**the Initial Order**").

The mandate covers all the assets of 205 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 was real property comprising a 513,500 square foot industrial building located at 100 Central Avenue West, Brockville, Ontario

("the Brockville Property" or "the Property").

On August 29, 2012 the Receiver made its First Report to the Court ("**the First Report**").

By order of the Honourable Mr. Justice Campbell dated September 11, 2012 ("**the September 11, 2012 Order**") the activities of the Receiver set down in the First Report were approved. The fees and expenses of the Receiver and its counsel to July 31, 2012 were also approved as was the Statement of Receipts and Disbursements included in the First Report.

The September 11, 2012 Order also authorized the Receiver to market the Brockville Property and approved the selection of CBRE Limited ("**CBRE**") as listing broker for the sale of the Brockville Property. The September 11, 2012 also authorized the Receiver to enter into an agreement for the leasing of the Brockville Property with CBRE.

On February 13, 2013 the Receiver made its Supplement to the First Report ("**the Supplement to the First Report**").

On April 11, 2013 the Receiver made its Second Report to the Court ("**the Second Report**").

On April 24, 2013 the Receiver made its Supplement to the Second Report ("**the Supplement to the Second Report**").

By Order of the Honourable Mr. Justice Wilton-Siegel dated April 25, 2013 ("**the April 25, 2013 Order**") the activities of the Receiver set down in the Second Report

and the Supplement to the Second Report were approved. The fees and expenses of the Receiver and its counsel to March 31, 2013 were also approved as was the Statement of Receipts and Disbursements included in the Second Report.

The April 25, 2013 Order also approved the sale of the Brockville Property to Stonewater Properties Inc. (**“the Purchaser”**) and vested in the Purchaser, on successful closing, all of 205’s right title and interest in the Brockville Property.

Notice to Reader

In preparing this Report and making some of the comments contained in the Report, the Receiver has been provided with unaudited financial and other information from a variety of sources. While the Receiver has no reason to believe that such information not materially correct, readers should note that the Receiver has not formally audited or reviewed such information. In this Report nothing of a material nature is believed to turn on the information not otherwise audited or reviewed for accuracy.

Purpose of this Report

The purpose of this Report is to:

- Provide the court with information on the activities of the Receiver since our Second Report
- Seek approval of the activities of the Receiver and its Statement of Receipts and Disbursements as described in this Report
- Seek approval for an interim distribution

- Seek approval for the fees and disbursements of the Receiver and its legal counsel to July 31, 2013 as set down in fee affidavits
- Establish a Claims Bar Date in respect to the certain potential claims of The M.S. Khalid Family Trust ("**The Family Trust**"), Habib Canadian Bank ("**Habib Bank**") and/or the Trustee in Bankruptcy of Samak Management & Construction Inc. ("**SAMAK**") failing further notice of which claims, the Receiver may distribute to the Applicant the amounts heldback for such claims as detailed herein.

Malik Khalid and the Khalid Entities

The principal of 205 is/was Mr. Malik Khalid. As well as his interest in 205 Mr. Khalid appears to have (or have had) an interest in and/or be the controlling mind over a number of other real estate and other ventures in Ontario, including Bayside Mall Limited ("**Bayside**"), together with a property management company, SAMAK, and The Family Trust. Collectively we will describe these various interests as "**the Khalid Entities**".

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.

By order of the Honourable Mr. Justice Campbell dated October 10, 2012 (“**the October 10, 2012 Order**”) Schwartz Levitsky Feldman Inc. (“**SLF**”) was appointed Receiver of the Kingston Property upon the application of BPHL Holdings Inc. , a creditor with security over the Kingston Property.

By order of the Honourable Mr. Justice Wilton-Siegel dated December 5, 2012, A. John Page & Associates Inc. was appointed as Receiver of Bayside upon the application of ICICI Bank Canada (“**the Bank**”). The Bank holds security over both the assets of Bayside and the assets covered by this receivership for the same underlying series of loans. The major asset of Bayside is the mall located at 150 Christina St. N, Sarnia, Ontario (“**the Bayside Mall**”). SAMAK had been the property manager at the Bayside Mall. However, as Receiver of Bayside we did not retain them but, instead engaged Larlyn Property Management Ltd. (“**Larlyn**”).

On March 5, 2013 SAMAK filed an assignment in bankruptcy and Kunjar Sharma & Associates Inc. was named as Trustee of the Estate of SAMAK.

It is our understanding that the two major income earning assets in the Khalid Entities were the Brockville Property and the Bayside Mall. As noted above, control of both of these assets and their income streams was taken from the Khalid Entities.

The Closing of the Sale of the Brockville Property

The sale of the Property to the Purchaser closed on April 30, 2013. Attached as ***Exhibit “B”*** is a Statement of Adjustments relating to the closing.

Property Management

As detailed in the Second Report, Larlyn have been managing the Property for us. The Purchaser did not wish to retain their services so we gave them notice in accordance with the terms of our agreement with them. They have completed their activities, paid operational expenses incurred by them, closed their property management bank account and have remitted the funds on hand to us.

Harmonized Sales Taxes (“HST”)

The status of 205’s HST filings was complicated. For some time 205 had been filing separate quarterly returns relating to the Brockville Property and the Kingston Property using different subcodes of 205’s Business Number. Then in late 2011, in response to questions from CRA regarding whether in fact 205 or the Family Trust should be the party to file these HST returns, they started filing quarterly returns for the Brockville Property and the Kingston Property using SAMAK’s HST Business Number. Matters were further complicated because SAMAK’s quarterly filing period was different to 205s and some of the SAMAK returns duplicated already filed returns. Historically the Brockville Property usually owed HST to CRA and the Kingston Property usually had a refund claim.

In order to enable us to be able to clear up this matter, the October 10, 2012 Order ordered us to file any outstanding HST returns relating to the Kingston Property up to October 10, 2012 and to collect any resulting HST refund.

We encountered some difficulties in getting certain books and records relating to HST and 205’s accounts in general from 205/SAMAK. In particular we had difficulty

in getting a copy of the Quickbooks accounting records for both the Brockville Property and the Kingston Property. We eventually obtained a copy of the Brockville Property Quickbooks records in September 2012 but it was only on January 25, 2013 that we finally obtained a copy of the Quickbooks records for the Kingston Property. Using the information contained in these records we were able to file or refile all the outstanding returns for the Kingston Property to October 10, 2012 and for the Brockville Property to June 21, 2012. These returns show a small net refund due to 205, which we asked CRA to offset against a balance due by us in our capacity as Receiver. Any such refund may however be subject to adjustment based on new information and on any penalty and interest offsets. Three of the Kingston Property returns representing, in aggregate refund claims totalling \$125,306.98 are currently “in audit” at CRA. CRA have asked us for extensive information and support relating to those claims and, in particular the HST input tax credits (“ITCs”) included in the three returns and aggregating \$162,214.08. At the present time we are attempting to locate certain of the Kingston Property records in order to be able to supply copies of purchase invoices to CRA in support of the ITCs. If we are ultimately unable to successfully justify the ITCs in the returns under audit then, instead of us having a small net refund claim, there will be a large unpaid HST claim pertaining primarily to amounts otherwise owing with respect to the Brockville Property that had been offset by us against the refund claims relating to the Kingston Property. Given the large amounts involved and given the fact that CRA could still audit other HST returns, we are proposing holding back \$200,000 from our proposed interim distribution pending the resolution of this matter. We are also adding CRA (Department of Justice) to the service list so that they have an opportunity to consider if a larger hold back might be appropriate.

Property Taxes

The property tax arrears, then totalling \$1,100,322.90, were extinguished as part of the closing of the sale of the Property on April 30, 2013.

Property Tax Appeals and Rebate Applications

The status of various property tax appeals and claims is as follows:

2009-2012 Property Assessment Appeals – These appeals have been filed and are being pursued on our behalf by Altus Group Limited (“**Altus**”). We are responsible for all costs associated with these appeals and are entitled to the entire amount of any recovery.

2012 Vacancy Rebate Application – This application has been filed by Altus on our behalf. We are responsible for all costs associated with this application and are entitled to the entire amount of any recovery.

2013 Property Assessment Appeal – This appeal has been filed. We have agreed with the Purchaser that they will have full control over this appeal but will share any net recovery with us on a pro rata basis with us getting 119/365 of any recovery.

2013 Vacancy Rebate Application – We have instructed Altus to file a stub period vacancy rebate application covering the period from January 1 to April 29, 2013. We will be responsible for all costs associated with this application and are entitled to the entire amount of any recovery.

We cannot estimate at this time the likely amount, if any, of any recovery on account of these appeals and applications. Nor can we estimate when they will finally be

resolved. Pursuit of these appeals and applications may require additional assistance from Altus.

The Kingston Property and Related Receivership

As noted earlier, SLF was appointed Receiver of the Kingston Property on October 10, 2012. The Kingston Property is believed to be subject to significant environmental contamination. We understand that SLF have recently obtained court approval for a sale of the Kingston Property and are seeking permission to distribute some of the net proceeds from that sale at a court hearing scheduled for August 9, 2013 (“**the SLF Distribution Motion**”). Through accidental oversight we were not served with details of the sales approval application. In any event we have ascertained from a review of the Motion Record pertaining to the SLF Distribution Motion that the net proceeds from the sale of the Kingston Property are insufficient to pay out the secured creditors of the Kingston Property. We as Receiver of all the other assets of 205 would presumably only have an interest in the outcome of the Kingston Property receivership if the secured creditors of the Kingston Property were likely to be paid in full.

Creditors and the BIA

In accordance with the requirements of the BIA we issued an Interim Report of Receiver to the Superintendent of Bankruptcy, 205 and any interested creditor on June 5, 2013.

The Habib Bank Overdraft

As noted in the First Report and the Supplement to the First Report, on the date of

our appointment as Receiver, June 21, 2012, SAMAK's bank account at Habib Bank and through which they managed the Brockville Property was overdrawn to the extent of \$65,793.33.

The Family Trust issued a Motion Record dated September 10, 2012. The Family Trust moved to authorize and direct the Receiver to reimburse and pay the \$65,793.33 to SAMAK ("**the Family Trust Motion**"). SAMAK is now bankrupt and the Family Trust's status to bring the Family Trust Motion is unclear. The Family Trust Motion has been adjourned indefinitely.

Attached as ***Exhibit "C"*** is a copy of the Supplement to the First Report filed by the Receiver detailing the circumstances of this issue. As can be seen, The Family Trust has no interest in the money and so its ability to bring the motion in the first place is suspect. Nothing has been heard from either the Trustee in Bankruptcy of SAMAK or Habib Bank on the issue.

Pending the resolution or dismissal of this matter we are proposing to hold back \$70,000 from our proposed interim distribution.

In order to advance the resolution of this matter we are proposing that a "Claims Bar Date" be established and notice given to The Family Trust, the Trustee in Bankruptcy of SAMAK and to Habib Bank that if they intend to pursue this claim they so advise the Receiver and detail their claim by September 9, 2013 failing which their claim will be barred and the holdback for this issue may be distributed to the Applicant. To the extent any of them do indicate that they intend to pursue the matter further hearings may need to be scheduled.

Fees and Expenses of the Receiver and its Legal Counsel

The fees of the Receiver relating to its activities from April 1 to July 31, 2013 were as follows:

A. John Page & Associates Inc.

Month	Hours	Fees	HST	Total
April 2013	89.47	28,537.28	3,709.85	32,247.13
May 2013	39.70	9,855.24	1,281.18	11,136.42
June 2013	20.17	5,480.83	712.51	6,193.34
July 2013	16.76	4,807.09	624.92	5,432.01
Total	149.34	\$43,873.35	\$5,703.54	\$49,576.89

The fees and expenses of the Receiver's legal counsel relating to its activities from April 1 to July 31, 2013 were as follows:

Gardiner Roberts LLP

Period Covered	Fees	Disbursements	HST	TOTAL
Apr 2 - 30, 2013	31,615.50	1,545.93	4,305.59	37,467.02
May 1 - 30, 2013	2,222.50	452.59	341.39	3,016.48
June 1 - July 31, 2013		45.00	5.85	50.85
Total	\$33,838.00	\$2,043.52	\$4,652.83	\$40,534.35

We are submitting fee affidavits to the court concurrent with the submission of this Report and are asking the court to approve these fees and disbursements.

Legal Counsel

We continue to use the services of Gardiner Roberts (Jonathan Wigley and Jeff

Rosekat) as our independent counsel. Given the dominant position of the Bank, in certain circumstances, for reasons of economy we have had the Bank's counsel, Heath Whiteley, assist us.

Banking and the Receiver's Statement of Receipts and Disbursements

At the commencement of this assignment, we opened up receivership bank accounts at Royal Bank of Canada and at ICICI Bank Canada. Shortly after their appointment as property manager Larlyn opened up a separate account at Royal Bank of Canada (**"the Larlyn Royal Account"**) for use in the management of the Property. As noted earlier the Larlyn Royal Account has now been closed. Attached as *Exhibit "D"* is a copy of the Receiver's Interim Statement of Receipts and Disbursements from June 21, 2012 to August 8, 2013 combining the three accounts (**"the R&D"**). We are asking the court to approve the R&D.

The fees of the Receiver from April 1 to July 31, 2013 are included with the Receiver's other disbursements in the R&D and 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 from April 1 to July 31, 2013 are also included as a disbursement in the R&D. 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.

Interim Distribution

We are proposing making an interim distribution of \$ 700,000 to the Bank.

As detailed in the Second Report we have already had our independent counsel, Gardiner Roberts, review the security of the Bank and, in their opinion, the Bank has valid security first in priority over the Brockville Property up to a maximum of \$7,750,000 plus interest and costs.

We have settled all of the receivership operational liabilities that we are aware of relating to the period from June 21, 2012 onwards. There may be an amount due to or from the Purchaser on account of an agreement to readjust the Statement of Adjustments, primarily for property taxes but we do not expect this amount to be large.

We attach as **Exhibit "E"** a worksheet setting down the holdbacks that we are proposing at this time with respect to the unresolved issues, primarily the Family Trust Motion and the unresolved status of HST claims.

All of which is respectfully submitted this 8th day of August, 2013

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


A. John Page FCPA, FCA-CIRP
President

Exhibits to the Third Report of

A. John Page & Associates Inc.

as Court Appointed Receiver of Certain Assets of 2058756 Ontario Limited

dated August 8, 2013

Initial Order	A
Statement of Adjustments	B
Supplement to the First Report	C
Statement of Receipts and Disbursements	D
Interim Distribution Work Sheet	E



Exhibit "A"

**Third Report of A. John Page & Associates Inc.
Court Appointed Receiver of Certain Assets
of 2058756 Ontario Limited
Dated August 8, 2013**

Initial Order

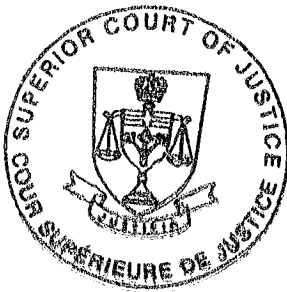
ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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.:




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"

**Third Report of A. John Page & Associates Inc.
Court Appointed Receiver of Certain Assets
of 2058756 Ontario Limited
Dated August 8, 2013**

Statement of Adjustments

STATEMENT OF ADJUSTMENTS

VENDOR: A. John Page & Associates Inc. (the “Vendor”), acting solely in its capacity as Court-appointed Receiver

PURCHASER: Stonewater Properties Brockville Inc. (the “Purchaser”)

PROPERTY: 100 Central Avenue West, Brockville Ontario (the “Property”)

ADJUSTED AS AT: April 30, 2013

<u>Purchase Price</u>		\$2,000,000.00
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<u>Deposit</u>	\$	500,000.00
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Realty Taxes

Estimated 2013 Taxes are \$260,659.42
based upon the 2012 Taxes of \$260,659.42
Vendor's share for 119 days @ \$714.14 p/day
Vendor's share is \$84,982.66
Vendor to pay 2013 Interim Tax Bill of
\$130,329.71

Credit Vendor		\$ 45,347.05
---------------	--	--------------

Rent

Vendor has collected rent for April, 2013
in the amount of \$10,827.75 + HST = \$12,235.36
Vendor's share for 29 days is \$11,827.51

Credit Purchaser	\$	407.85
------------------	----	--------

Additional Rent

Vendor has received for April 2013
\$12,090.99 + HST = \$13,662.82

Vendor's share for 29 days \$13,207.39		
Credit Purchaser for 1 day	\$	455.44

BALANCE DUE ON CLOSING	\$	1,544,483.76	
payable to Gardiner Roberts LLP,			
in trust or as so further directed	\$	2,045,347.05	<u>\$2,045,347.05</u>

E. & O.E.

SCHEDULE "A"
THE PROPERTY

<u>Municipal Address</u>	<u>Legal Description</u>
100 Central Avenue, Brockville	PIN NO. 44188-0284 (LT) PT LT 8-9, 11-17 PL 4; PT BEAUREGARD ST, LINCOLN ST, MCCLELLAN ST, MERRIMAC ST, RUSSELL ST PL 4 CLOSED BY 36E7149, E11323 & LR156141; PT LT 14 CON 1 ELIZABETHTOWN PT 1 TO 3 28R10133; S/T & T/W BR13166; S/T E11241; S/T LR295152, LR295173; BROCKVILLE

STATEMENT OF FUNDS
STONEWATER PROPERTIES BROCKVILLE INC. PURCHASE OF
100 CENTRAL AVE, BROCKVILLE

	PAID	RECEIVED
Balance Due on Closing, as per Statement of Adjustments		\$1,544,483.76
Paid by Dentons to the City of Brockville re realty taxes	\$1,100,322.90	
Wire Transfer to Dentons to GR, in trust (subsequently wired to A. John Page)	\$444,160.86	
TOTAL	<u>\$1,544,483.76</u>	<u>\$1,544,483.76</u>



Exhibit "C"

**Third Report of A. John Page & Associates Inc.
Court Appointed Receiver of Certain Assets
of 2058756 Ontario Limited
Dated August 8, 2013**

Supplement to the First Report

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

BETWEEN:

ICICI BANK CANADA

Applicant

-and-

2058756 ONTARIO LIMITED

Respondent

SUPPLEMENT TO THE FIRST REPORT OF
A. JOHN PAGE & ASSOCIATES INC.
AS THE COURT APPOINTED RECEIVER
OF CERTAIN ASSETS OF 2058756 ONTARIO LIMITED

Dated February 13, 2013

Purpose of this Report

The Purpose of this Supplement to the First Report of A. John Page & Associates Inc. in its capacity as Court Appointed Receiver of certain assets of 2058756 Ontario Limited ("205") dated August 29, 2012 ("the First Report") is to provide the court with an update of certain information provided in the First Report relating to the Habib Canadian Bank ("Habib") overdraft of \$65,793.33 in light of the motion that has been filed by The M.S. Khalid Family Trust (the "Family Trust") to have the Receiver pay over the sum of \$65,793.33 to Samak Management & Construction Inc. ("SAMAK").

All capitalized terms used herein and not otherwise defined are as defined in the First Report.

The Habib Bank Overdraft

The principal of 205 is Mr. Malik Khalid. Mr. Khalid also appears to have an interest in and/or be the controlling mind of SAMAK. SAMAK managed and operated the Brockville Property prior to the receivership.

As noted in our First Report, a “Declaration of Trust” dated November 24, 2004 indicated that at that time, 205 held the Brockville Property in trust for the Family Trust as to 50%. The Family Trust purchased the other 50% in December 2008 from BPHL Holdings Inc. a company owned or controlled by Mr. Behrouz Parsa.

As noted in the First Report, on the date of our appointment as Receiver, June 21, 2012, SAMAK’s bank account at Habib and through which they managed the Brockville Property, was overdrawn to the extent of \$65,793.33.

The Family Trust issued a Motion Record dated September 10, 2012 (“**the Family Trust Motion Record**”). The Family Trust moved to authorize and direct the Receiver to reimburse and pay the \$65,793.33 to SAMAK. That motion was adjourned indefinitely. We understand it is now to be heard on February 21, 2013.

A copy of a memorandum (“**the August 27, 2012 Memorandum**”) we had prepared summarizing the events leading up to the creation of the above overdraft was attached as an Exhibit to the First Report. We attach a copy of the August 27, 2012 Memorandum as *Exhibit “A”*.

The Family Trust Motion Record contains a supporting affidavit from Mr. Khalid dated September 10, 2012 (“**the Khalid Affidavit**”). There are a few statements in the Khalid Affidavit on which the Receiver would like to comment.

In paragraph 7, Mr. Khalid states that during the period from May 31 to June 21, 2012 (“the Interim Period”) SAMAK *held* all cheques received on account of rent or other revenue for the Brockville Property. As detailed in the August 27, 2012 Memorandum SAMAK received and deposited funds from a Brockville Property tenant, Camalor, totalling \$40,174.57 on account of additional rent, but these funds were subsequently disbursed by SAMAK.

In paragraph 8, Mr. Khalid states that during the Interim Period SAMAK made payments totalling \$65,208.67 on account of utility supplies. We calculate the amount to be \$63,208.67.

**The Impact on the Receivership if the Receiver is Required to Pay SAMAK
\$65,793.33**

The Receiver currently has funds on hand of \$461,602.03 as set down in the Statement of Receipts and Disbursements attached as *Exhibit “B”*. This balance does not take into account unpaid operating costs, HST and professional fees.

The cash flow position of the Receivership is not healthy, Black & Decker, the tenant that had historically occupied 85% of the Brockville Property, vacated on December 31, 2012 and the only remaining tenant, Camalor, only occupies 8% of the Brockville Property. Each month operating and other costs significantly exceed the rent received from Camalor. The Receiver has prepared cash flows to monitor costs and estimate when it will run out of funds. This exercise has been hampered by the major supplier, Hydro One Inc., having changed its metering and billing procedures such that, at the present time the most recent hydro bill we have only covers the period to early December 2012. However, based on the best information available at this time, the

Receiver currently estimates that, providing no out of the ordinary or otherwise unanticipated expenses have to be incurred, the funds on hand, net of outstanding liabilities, will be exhausted in or about September or October 2013. If the Receiver is obliged to pay over to SAMAK \$65,793.33 that date will be brought forwards between one and two months.

The Receiver listed the Brockville Property for sale with CBRE on September 8, 2012. On the recommendation of CBRE the original listing price was \$8.5 million. No attractive offers were received at or close to that listing price and on November 6, 2012 the listing price was dropped to \$5.5 million. No attractive offers were received at or close to that listing price and on January 22, 2013 the listing price was dropped to \$3.95 million. The Receiver will provide more information on the marketing of the Brockville Property in a subsequent report.

Property Management

The Receiver had previously been using the services of SAMAK as property manager pursuant to the SAMAK Property Management Agreement (as detailed in the First Report) for reasons of economy. On December 5, 2012 we gave SAMAK notice of termination in accordance with the terms of the SAMAK Property Management Agreement. In accordance with the SAMAK Property Management Agreement, we had advanced \$5,000 to SAMAK as a float to enable them to fund payments authorized by the Receiver to ongoing suppliers to the Brockville Property prior to SAMAK requesting a reimbursement from us at the end of each month. SAMAK made an unauthorized payment of \$4,491.04 from the float. We asked them to reimburse the float but by email dated December 27, 2012 SAMAK told us to deduct

the amount from the “amount owing to Samak due to overdraft at Habib Canadian Bank”. We attach as **Exhibit “C”** a copy of the December 27, 2012 email together with the December 11, 2012 email to which it refers.

The Receiver has engaged a new property manager, Larlyn Property Management Ltd. (“**Larlyn**”) by agreement made December 14, 2012. Larlyn’s monthly management fee of \$2,700 per month is less than that previously charged by SAMAK pursuant to the SAMAK Property Management Agreement.

Set Off

As noted in the First Report, it is our understanding that, for a number of years, funds from the Brockville Property had been used to support other real estate projects within the Khalid Entities. At that time the Receiver had not however completed its review of the records relating to the operations of the Brockville Property and had not received copies of the records of the operations of the other assets of 205, namely the Kingston Property. Since then the Receiver has received additional books and records and has ascertained that, according to the Quickbooks accounting records of 205, on the date of the Receivership, June 21, 2012, SAMAK owed the net amount of \$1,009,570 to 205.

Position of the Receiver on the Motion for the Return of the Habib Money

The way in which the Habib overdraft was created is set forth in the August 27, 2012 Memorandum attached as Exhibit “A”. The overdraft payments permitted by Habib seem to all relate to the Brockville Property. As of the date of the Receivership, June

21, 2012, by virtue of the overdraft, SAMAK was an unsecured creditor of 205 among others. Habib had no security from 205 either.

The motion to have the Habib overdraft paid by the Receiver to SAMAK, would appear to be a claim by an unsecured creditor to payment based on its equitable claim that SAMAK had supported the Brockville Property prior to the Receivership. Whether that entitles SAMAK to be repaid is academic given that SAMAK owes 205 upwards of \$1 million. The Receiver believes that regardless of the equities of SAMAK's claim for repayment, there is a set off that the Receiver can and should apply.

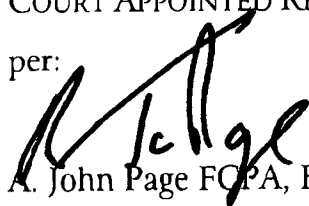
Accordingly the Receiver's position has changed from that which existed at or about the time of the First Report. The Receiver's position is that it is entitled to set off any claim by SAMAK to be repaid the Habib overdraft as against the claim of the Receiver as against SAMAK. The set off is mutual. Since the amount SAMAK owes is far greater than the Habib overdraft, no money should be required to be paid by the Receiver.

All of which is respectfully submitted this 13th day of February, 2013

A. JOHN PAGE & ASSOCIATES INC.

COURT APPOINTED RECEIVER OF CERTAIN ASSETS OF 2058756 ONTARIO LIMITED

per:

A handwritten signature in black ink, appearing to read 'A. John Page', is written over the printed name.

A. John Page FCPA, FCA, CIRP

President

Exhibits to the Supplement to the First Report of

A. John Page & Associates Inc.

as Court Appointed Receiver of Certain Assets of 2058756 Ontario Limited

dated February 13, 2013

August 27, 2012 Memorandum

A

Statement of Receipts and Disbursements

B

Emails dated December 11 and 27, 2012

C

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Exhibit "A"

**Supplement to the First Report
of A. John Page & Associates Inc.
Court Appointed Receiver of Certain Assets
of 2058756 Ontario Limited
Dated February 13, 2013**

August 27, 2012 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

Page 3

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 MNGT & 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.

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

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]		13,662.82	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]	2,631.88		68,634.01 LP

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	Cir	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		X		43,530.41	-62,437.49
Deposit	11/06/2012			Monthly payment	X	40,174.57		-105,967.90
Bill Pmt -Cheque	30/06/2012	PAP	Aviva Insurance company of Canada	Deposit	*		2,831.88	-65,793.33
Cheque	30/06/2012			Service Charge	X		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 "B"

**Supplement to the First Report
of A. John Page & Associates Inc.
Court Appointed Receiver of Certain Assets
of 2058756 Ontario Limited
Dated February 13, 2013**

Statement of Receipts and Disbursements

2058756 Ontario Limited - Statement of Receipts and Disbursements - ETD:2

21/06/2012 through 13/02/2013 (Cash Basis)

13/02/2013

Page 1

Category Description	21/06/2012- 13/02/2013
INCOME	
HST on Sales	19,249.43
Receivables	295,475.47
Rent	1,017,075.34
Utility Recharge	90,725.94
TOTAL INCOME	1,422,526.18
EXPENSES	
Advance to Property Manager	5,000.00
Cleaning	1,801.29
Consultant Fees	8,002.00
HST Control	-51,886.62
HST Input	34,667.33
Insurance	38,975.52
Landscaping	8,070.00
Legal Fees	51,870.81
Miscellaneous	2,382.39
OSB Fees	70.00
Pre-Appointment Fees	125,000.00
Pre-Receiver'ship Suppliers	14,965.41
Professional Fees	6,650.00
Property Management Fees	22,704.16
Property Manager Payroll	29,750.00
Property Taxes	99,910.25
Receiver's Fees	257,163.02
Repairs and Maintenance	8,624.58
Snow Ploughing	12,249.99
Utilities	
Gas	55,974.00
Hydro	195,810.03
Water	33,169.99
TOTAL Utilities	284,954.02
TOTAL EXPENSES	960,924.15
OVERALL TOTAL	461,602.03



Exhibit "C"

**Supplement to the First Report
of A. John Page & Associates Inc.
Court Appointed Receiver of Certain Assets
of 2058756 Ontario Limited
Dated February 13, 2013**

Emails dated December 11 and 27, 2012

A. John Page

From: "malik khalid" <malik@centraldiagnosticsinc.com>
To: "A. John Page" <ajpage@ajohnpage.com>
Cc: "Colleen Delaney" <chdelaney@ajohnpage.com>; "Alfred Apps" <aapps@wildlaw.ca>; "Muhammad Yaseen" <myaseen@samakmanagement.com>
Sent: December 27, 2012 3:55 PM
Subject: Brockville

Hi John,

Since we will not be managing Brockville property after December 31, 2012, I would like to inform you that as of January 1, 2013 that you will not have access to the Quick Books Data. Kindly make any back up of the information which you may require before that date.

Regarding the adjustment for the amount \$ 4,491.04 you had mentioned in your email of December 11, 2012, you may deduct this amount from the amount owing to Samak due to overdraft at Habib Canadian Bank. Please make the payments to the vendors directly.

Please advise all vendors who have been dealing with Samak that they should contact and deal with the Receiver.

As we have requested previously through Colleen, we require all records of Bayside Mall Limited to be returned to our office immediately.

Regards,

Malik

13/02/2013

A. John Page

From: "A. John Page" <ajpage@ajohnpage.com>
To: "malik khalid" <mkhalid@samakmanagement.com>
Cc: "Colleen Delaney" <chdelaney@ajohnpage.com>
Sent: December 11, 2012 4:02 PM
Subject: Reimbursements to SAMAK re Brockville expenses
 Malik

Recently Mr. Yaseen asked us to fund Samak in order that it could pay the following two invoices for services performed at the Brockville property:

- i) Done Rite Cleaners - \$690 + HST
- ii) Ground Master - \$1,690 + HST

Firstly, in accordance with Clause 5. of the Property Services agreement dated August 1, 2012, we provided SAMAK with a cheque for \$5,000 (the "Float") on August 2, 2012. The Float is so that you can pay invoices such as this and then look to us monthly for the Float to be topped up.

In order to do that, Clause 5 requires SAMAK to provide a detailed accounting monthly of payments made during the prior month.

Secondly, we understand that SAMAK made an unauthorized payment of \$4,491.04 to JL. Prior High Pressure Cleaning from out of the Float. Mr. Yaseen indicated that SAMAK is to reimburse the Float for that payment.

Please reimburse the Float. Please then pay the outstanding Brockville invoices from the Float and provide us with the required accounting. In light of the recent notice of termination of SAMAK's services we can then assess what further payments to SAMAK might be required.

Regards

John

John Page FCA
 President
 A. John Page & Associates Inc.
 100 Richmond St. West, Suite 447
 Toronto, Ontario, Canada M5H 3K6

Telephone: 416-364-4894
 Fax: 416-364-4869
 Email: ajpage@ajohnpage.com
www.ajohnpage.com

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Thank you

13/02/2013



Exhibit "D"

**Third Report of A. John Page & Associates Inc.
Court Appointed Receiver of Certain Assets
of 2058756 Ontario Limited
Dated August 8, 2013**

Statement of Receipts and Disbursements

2058756 Ontario Limited - Statement of Receipts and Disbursements:4

21/06/2012 through 08/08/2013 (Cash Basis)

12/08/2013

Page 1

Category Description	21/06/2012- 08/08/2013
INCOME	
HST on Sales	2,347.07
Other Income	197.52
Receivables	295,475.47
Rent	1,085,067.59
Sale of Real Estate	2,000,000.00
Utility Recharge	167,314.12
TOTAL INCOME	3,550,401.77
EXPENSES	
Advance to Samak	5,000.00
Cleaning	1,801.29
Consultant Fees	17,252.00
HST Control	-11,164.58
HST Input	16,337.18
Insurance	63,867.36
Landscaping	8,070.00
Larlyn Property Management	
Cleaning	3,266.15
Management Fee	16,101.60
Other	6,197.03
Repairs	3,707.84
TOTAL Larlyn Property Management	29,272.62
Legal Fees	106,128.79
Miscellaneous	3,092.35
OSB Fees	70.00
Pre-Appointment Fees	125,000.00
Pre-Receiver'ship Suppliers	14,965.41
Property Taxes	1,157,412.58
Real Estate Commission	75,000.00
Receiver's Fees	345,917.92
Repairs and Maintenance	8,624.58
Samak Management Fees	22,704.16
Samak Payroll	29,750.00
Snow Ploughing	24,499.98
Utilities	
Gas	111,107.35
Hydro	314,186.14
Water	47,595.51
TOTAL Utilities	472,889.00
TOTAL EXPENSES	2,516,490.64
OVERALL TOTAL	1,033,911.13



Exhibit "E"

**Third Report of A. John Page & Associates Inc.
Court Appointed Receiver of Certain Assets
of 2058756 Ontario Limited
Dated August 8, 2013**

Interim Distribution Work Sheet

The Receivership of Certain Assets of 2058756 Ontario Limited

Interim Distribution and Holdback Worksheet

Funds on Hand August 8, 2013	\$1,033,911
Hold back re HST	(200,000)
Hold back re Habib Bank Matter	(70,000)
Hold back for professional fees	(40,000)
Contingency, including agreement to adjust	(23,911)
Proposed Distribution to ICICI Bank Canada	<u><u>\$700,000</u></u>