

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

BETWEEN

BPHL HOLDINGS INC.

Applicant

- and -

**2058756 ONTARIO LIMITED and MALIK SAJJAD KHALID, as Trustee of THE M.S.
KHALID FAMILY TRUST**

Respondents

FIFTH REPORT OF THE COURT APPOINTED RECEIVER [Court File CV-12-9740-00CL] OF CERTAIN OF THE ASSETS OF 2058756 ONTARIO LIMITED

Dated November 19, 2014

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 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 mandate covered 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 was real property comprising land and a 513,500 square foot industrial building located at 100 Central Avenue Road, Brockville, Ontario that has now been sold. We will call this mandate "**the Brockville Receivership**".

Purpose of this Report

- To report to this Court in connection with the motion by Taggart/TGC concerning an indemnity given by Nortel and the position of the Khalid Family Trust that this constitutes a significant asset of 205.

Background

We have attached copies of our four earlier reports, without exhibits, to provide background on our activities and findings as Receiver in the Brockville Receivership as follows:

The First Report of the Receiver dated August 29, 2012 (“**the First Report**”) (*Exhibit “B”*)
The Second Report of the Receiver dated April 11, 2013 (“**the Second Report**”) (*Exhibit “C”*)
The Third Report of the Receiver dated August 8, 2013 (“**the Third Report**”) (*Exhibit “D”*)
and

The Fourth Report of the Receiver dated August 6, 2014 (“**the Fourth Report**”) (*Exhibit “E”*).

We have also attached as *Exhibit “F”* a copy of the opinion letter of Gardiner Roberts on the security opinion rendered by Gardiner Roberts that formed Exhibit “F” to the Second Report.

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 and The M.S. Khalid Family Trust (“**The Khalid Family Trust**”). Collectively we will describe these various interests as “**the Khalid Entities**”.

The Kingston Property

Our appointment did *not* include the Kingston Property. The Kingston Property comprises 102 acres of land on which was located a 515,000 square foot industrial building in Kingston, Ontario that had formerly been used by Nortel Networks Limited, Nortel Networks Corporation or a related party (“**Nortel**”). The Kingston Property is believed to have environmental contamination apparently related to Nortel’s time in possession.

By order of the Court dated October 10, 2012, the Honourable Mr. Justice Campbell appointed Schwartz Levitsky Feldman Inc. (“**SLF**”) (Mr. Alan Page) as Receiver of the Kingston Property upon the application of BPHL Holdings Inc, a secured creditor over the

Kingston Property.

ICICI Bank Canada (“**the Bank**”), the prime secured creditor over the other assets of 205, had no mortgage security interest over the Kingston Property, but, as detailed in *Exhibit “F”* has first ranking security over the personal property of 205.

On or about April 9, 2013 SLF signed an agreement to sell the Kingston Property to Taggart Investment Inc. (“**Taggart**”). Taggart assigned its interest in this agreement to Taggart (Gardiners) Corporation (“**TGC**”). We understand this agreement subsequently closed, with court approval.

The “Nortel Indemnity”

In the Fourth Report we reported as follows:

“Nortel Networks Corporation et al. (“Nortel”) Claim

We understand that the Kingston Property used to be owned by Nortel and as part of its sale in 1995 Nortel gave an indemnity relating to any violation of environmental law by Nortel prior to the sale. As noted in earlier reports the Kingston Property is believed to be contaminated. Nortel is being wound up pursuant to the Companies Creditors Arrangement Act (“CCAA”) and we understand that 205 submitted a large claim in the CCAA proceedings. The issue of whether such a claim is a claim in the CCAA proceedings has been affirmed in a recent high profile court determination. The likely payout under any such claim is currently the subject of another high profile court determination. Some of this claim would presumably flow with the still contaminated land. However some of the claim should pertain to costs already expended by 205 which we have estimated to be of the order of \$200,000. We have been contacted by counsel for the purchaser of the Kingston Property and are discussing the matter with them with a view to seeing if they might be interested in acquiring any claim 205 might have in this regard, given how long a final determination of all the issues in the Nortel CCAA proceedings might take. In general we are monitoring developments in this area to see if further action on our part is warranted to pursue a claim on behalf of 205. “

The Fourth Report was served on Mr. Apps on behalf of the Khalid Family Trust and 205. The Court approved the activities of the Receiver set down in the Fourth Report.

The Taggart Motion and the Apps Responding Motion Record

On or about September 17, 2014 we received a copy of the motion record of TGC returnable October 3, 2014 (“**the TGC Motion**”). The TGC Motion asked the court for an order declaring that TGC was the owner of the full benefit of the Nortel Indemnity. It was our

assessment at that time that it was not at all clear, on a cost benefit basis, that we should incur any further cost attempting to pursue a recovery on account of the Nortel Indemnity. We discussed this matter with the Bank and they indicated that that they did not support us incurring costs in that regard. We therefore took no action with respect to the TGC Motion and instructed counsel that they should not attend in court.

Mr. Apps, representing some of the Khalid Entities, appeared in court and opposed the TGC Motion.

On or about October 28, 2014 TGC's counsel sent us their Supplementary Motion Record (returnable November 20, 2014) ("**the TGC Supplementary Motion Record**") including an affidavit of P. Thomas Taggart dated October 22, 2014.

On or about November 14, 2014 Mr. Apps sent us his "**Responding Party's Motion Record**" and indicated he would bring a motion requesting permission to allow his client to pursue the Nortel Indemnity on behalf of 205.

The TGC Supplementary Motion Record contained information new to us and is in some senses misleading. Firstly, it detailed for the first time an agreement between Nortel and TGC dated as of September 11, 2014. Secondly it again made no mention of the attempts made on our behalf to sell to TGC our interest in the Nortel Indemnity. In particular it stated that no written response had been received from our counsel, without noting the details of the verbal response. Thirdly, no mention was made of the claim of 205 for already incurred costs that had already been communicated to counsel for TGC and further, the wording of clause 10 of Mr. Taggart's affidavit where he swears:

"I have seen no evidence that 205 has ever incurred actual expenditures for items which would be covered by the Nortel indemnity, or to confirm the amount of any alleged actual expenditures, and without proof of actual expenditures it would not have a claim under the Nortel indemnity."

is disingenuous, given his counsel's knowledge of 205's claim for costs incurred.

The Position of the Receiver

It was our original assessment, based on the information we had at the time, that it was not cost effective to pursue a claim with respect to the Nortel Indemnity in the Nortel CCAA restructuring, whether this claim be for the \$200,000 incurred by 205 ("**the 205 Incurred Cost Claim**") or for a larger sum, including the contingency element of the Nortel Indemnity relating to costs to be incurred ("**the Future Costs Claim**").

We had determined that approximately \$200,000 had been *incurred* by 205 and for which, at

least theoretically, Nortel, had it not been in CCAA proceedings, would be responsible to repay under its indemnity. No further amounts had been incurred by 205 and were not going to be expended, given its financial incapacity to do so. The Receiver was also aware that unsecured claims against Nortel were being purchased by others at an amount equal to roughly 30% of the face amount of the claim. This meant that a rough approximation of the value of the 205 Incurred Cost Claim in the Nortel CCAA proceeding, if sustained, would be of the order of \$60,000. However, the 205 Incurred Cost Claim would have to be properly documented and the likely timing of any payout, unless sold to a third party, was uncertain.

It was not clear that the Future Costs Claim was still an asset of the 205 receivership as it was related to the Kingston Property which was not part of this Receiver's mandate. As an environmental indemnity designed to compensate for the clean up, it appeared to this Receiver that there was a good argument that upon purchase of the Kingston Property that the Future Costs Claim became the property of TGC. The cleanup estimates were in the millions of dollars and any attempt to assert ownership to the Future Costs Claim would be likely subject to legal challenge.

We consulted with the Bank, the first secured creditor and the only economic interest in the potential recovery under the Nortel Indemnity, given the Bank's huge shortfall in their first priority debt from the liquidation of all the other 205 assets. As previously noted, there was doubt as to whether the Future Cost Claim was still property in the 205 receivership. It was also noted that TGC were claiming to have purchased the full Nortel Indemnity, including the 205 Incurred Cost Claim by virtue of the agreement of purchase and sale with SLF and the vesting order granted by the Court in connection therewith. We indicated to the Bank we thought it likely to be uneconomic to pursue a recovery on account of the Nortel Indemnity. The Bank indicated that was also their view and, until the recent opposition of the Khalid Family Trust, this Receiver was prepared to take no position on the TGC Motion.

It is our view that the right to an indemnity for the 205 Incurred Cost Claim is arguably a right belonging to this Receiver. As noted earlier, we had originally concluded that it was not cost effective to pursue. There is however the threshold issue for the court; has the Nortel Indemnity passed to TGC or does it remain with 205?

It is unclear to us whether TGC purchased the Future Costs Claim or whether that right, since it is not explicitly referenced in the documentation relating to SLF's sale to TGC, remains with us as the overall Receiver of 205 even though 205 will never pay any money for the clean-up. Mr. Apps appears to be arguing that it does.

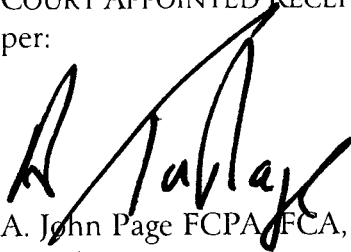
If it is found that the Future Cost Claim is property of 205 in the Brockville Receivership, then the value to the Brockville Receivership of that asset is hard to assess. 205 seems to have no direct claim against Nortel for costs it has not incurred and, given its financial

position and the fact that it no longer owns the Kingston Property, will never incur. However, the Future Cost Claim would seem to be of value in the hands of TGC or any other party that were to incur future clean up costs covered by the Nortel Indemnity since they could claim some contribution from Nortel for those costs. Similarly the Future Cost Claim would be of value to Nortel in so far as they would perhaps be able to extinguish a potentially large claim from TGC or others. Whether either TGC or Nortel would purchase the Future Cost Claim from this Receiver and, if so, for how much, is unclear but this would represent its value to the Brockville Receivership.

If the court determines that the right to claim under the Nortel Indemnity for costs both incurred and in the future continues to reside with this Receiver, then we will reassess how to deal with that "asset", whether by an assignment to TGC, by negotiating its release with Nortel, but at a price, or otherwise and then seeking this Court's approval as to how to deal with it.

All of which is respectfully submitted this 19th day of November 2014

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', written over a horizontal line.

A. John Page FCPA, FCA, CIRP
President

Exhibits to the Report of A. John Page & Associates Inc.
as Court Appointed Receiver of Certain Assets of 2058756 Ontario Limited
dated November 19, 2014

Initial Order	A
First Report of Receiver without Exhibits	B
Second Report of Receiver without Exhibits	C
Third Report of Receiver without Exhibits	D
Fourth Report of Receiver without Exhibits	E
Exhibit "F" to the Second Report of the Receiver	F



Exhibit "A"

**Fifth Report of A. John Page & Associates Inc.
Court Appointed Receiver of Certain Assets
of 2058756 Ontario Limited
Dated November 19, 2014**

Initial Order

ONTARIO

SUPERIOR COURT OF JUSTICE

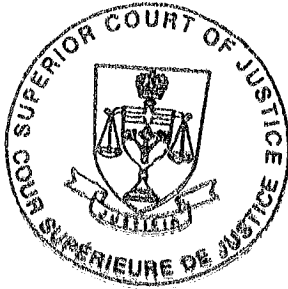
COMMERCIAL LIST

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

J.S.

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

towards J.S.

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, written over a horizontal line. The signature is stylized and appears to be a name followed by a surname.



A small, stylized handwritten mark or signature, possibly a date or initials, written 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:

BETWEEN:

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

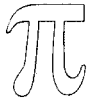


Exhibit "B"

**Fifth Report of A. John Page & Associates Inc.
Court Appointed Receiver of Certain Assets
of 2058756 Ontario Limited
Dated November 19, 2014**

First Report

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, CA, 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

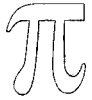


Exhibit "C"

**Fifth Report of A. John Page & Associates Inc.
Court Appointed Receiver of Certain Assets
of 2058756 Ontario Limited
Dated November 19, 2014**

Second Report

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

BETWEEN:

ICICI BANK CANADA

Applicant

-and-

2058756 ONTARIO LIMITED

Respondent

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

Dated April 11, 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 is 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"**).

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 First 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 Agreement of Purchase and Sale for the Brockville Property with Stonewater Properties Inc. ("**the Stonewater APS**")
- Seek approval for the fees and disbursements of the Receiver and its legal counsel to March 31, 2013 as set down in fee affidavits

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 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**".

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. 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. Both of these assets are no longer under the control of the Khalid Entities.

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. One tenant, Camalor Manufacturing Inc. ("**Camalor**"), 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. As noted in the First Report, we were able to negotiate a three month hold over arrangement with Black & Decker for a portion of the space they had previously leased. In accordance with that arrangement they vacated on or before December 31, 2012 and from January 1, 2013 the only tenant at the Property has been Camalor.

Property Management

As detailed in the First Report, the Receiver had previously been using the services of SAMAK as property manager. On December 5, 2012, the same day that we were appointed as Receiver of Bayside, we gave SAMAK a 30 day notice of termination in accordance with the terms of our agreement with them. We engaged a new property

manager, Larlyn, by agreement made December 14, 2012. Since that time Larlyn have been managing the Property for us.

Building Condition Reporting

We had been advised by, among others, Mr. Khalid that the roof at the Property was in urgent need of repair. In order to be able to try and sell the Property with as few conditions as possible and in order to minimize the risk of potential purchasers trying to use the roof condition as a reason for a price reduction we commissioned a roof survey and condition assessment from Fishburn Sheridan & Associates Ltd. Their report, dated October 12, 2012 (“**the Roof Survey**”), indicated that roof replacement expenditures totalling approximately \$6.1 million over the next five years were required with \$2,266,500 of that projected for 2013. A copy of the Roof Survey was supplied to parties who were interested in submitting an offer for the Property.

Appraisal

In order to assist us in marketing the Property and assessing offers we commissioned an appraisal from Altus Group Limited (“**Altus**”). We provided Altus with, among other things, a copy of the Roof Survey. A copy of the Altus appraisal dated December 6, 2012 (“**the Appraisal**”) valuing the Property as at November 1, 2012 is attached as *Exhibit “B”*.

Marketing the Property

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.

Their marketing efforts are more fully detailed in the marketing reports prepared for us by CBRE that are attached as *Exhibit "C"*. The reports comprising *Exhibit "C"* have been redacted in order to maintain confidentiality in case, for whatever reason, the Stonewater APS that is the subject of the Receiver's request for approval does not close.

We have attached as *Exhibit "D"* a confidential marketing memorandum ("**the Confidential Memorandum**") amplifying the approach set down in the CBRE marketing reports and our reasons for recommending that the Stonewater APS be approved. An unredacted copy of the CBRE marketing reports form part of the Confidential Memorandum. A copy of the Stonewater APS is attached as *Exhibit "E"*. For commercial reasons we are asking the court to keep the Appraisal, the Confidential Memorandum and the Stonewater APS (*Exhibits "B", "D" & "E"*) confidential until after the successful closing of the sale of the Brockville Property.

In summary, no attractive offers or letters of intent were received at or close to the initial listing price of \$8.5 million and on November 6, 2012 the listing price was dropped to \$5.5 million. Again no attractive offers or letters of intent were received at or close to that listing price and on January 22, 2013 the listing price was dropped to \$3.95 million.

A number of interested parties indicated that they would only submit offers that were conditional for an extended period of time, say 90 days, to allow the party to perform unspecified due diligence. Offers of this type were not attractive to us. We perceived them to be merely free "options" with the prospect of the purchaser "walking" at the end of the due diligence period. No party was prepared to pay for an option to

purchase.

Seriously interested parties were supplied with a copy of the Roofing Survey together with a old Building Condition Report dated June 2010 and an old Phase I Environmental Site Assessment dated June 2004 in an attempt to have them submit unconditional bids.

By January 2013 it was apparent that the market's perception of the value of the Property was lower than had been hoped. At the same time, with the departure of Black & Decker, the Receiver was suffering a net negative cash flow of many tens of thousands of dollars per month. Discussions were held with the Bank as the key party with a direct economic interest in the sale of the Property. Our counsel prepared an "unconditional" form of Agreement of Purchase and Sale ("APS"). The APS was presented by CBRE to at least eight parties who had expressed general interest in the Property and these parties were told on February 21, 2013 that, if they wished to purchase the Property, they should submit a signed APS with their purchase price inserted by no later than 4pm on March 15, 2013.

The offers submitted at that time are set out in the Confidential Memorandum.

On April 3, 2013 the Receiver "accepted" the Stonewater APS, subject to this court's approval. By this time the Property had been on the market for almost seven months.

Leasing

The September 11, 2012 Order authorized us to enter into an agreement with CBRE for the leasing of the Property. We had discussions with CBRE in that regard and prepared a draft agreement. At the same time we continued discussions with a party

that had previously expressed an interest in leasing approximately 200,000 square feet of space. However it became apparent that the leasehold improvements and building repairs this potential tenant required would cost millions of dollars and, given the proposed lease period and net rental rate, this was not realistic. We had a strong suspicion that this prospective tenant in fact wanted to lease space elsewhere and its discussions with us were merely to provide some pressure for further concessions from the alternate landlord. This prospective tenant did in fact lease space with another landlord late last year or earlier this year.

The space at the Brockville Property was not configured for small tenancies. The Property is deep and, given the location of the loading docks, even a medium sized tenancy would most likely require among other things the construction of a long and expensive demising wall. We were also forming the view that any tenant would want assurances regarding repairs to the roof which we, as court receiver, would be unable to give. We also gained the impression that letting space to a larger tenant was not a "quick" thing and we were aware that, with the impending departure of Black & Decker, we had only a short period of time before we would run out of resources. We therefore concluded that we should not devote time and resources to what we believed would be a futile attempt to lease space but should focus on a sale, either to an owner operator or to someone who could make the investment of time required in the circumstances to reposition the Property. We therefore did not sign a leasing agreement with CBRE or anyone else but instead indicated to CBRE that they should focus on their sale mandate.

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 have recently been 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, although any such refund may be subject to adjustment based on new information and on any penalty and interest offsets. These returns are currently being reviewed by CRA. We have directed CRA to credit any refund to our receivership HST account where we currently have an outstanding indebtedness.

Property Taxes

According to the Interim 2013 City of Brockville Tax Bill dated February 4, 2013 the total amount due on account of property taxes for the Property was \$1,078,392. This balance includes an estimate for the first half of 2013. We have been paying over to the City of Brockville the property tax component of the rent we have received from Camalor and Black and Decker. On the successful closing of the Stonewater APS the then property tax arrears will be extinguished.

The Property's tax assessment in 2012 was \$5,812,000. This amount is significantly higher than the market value being established by our sales process, although in 2012 the Property was almost fully leased. We ascertained that 205 had previously filed appeals relating to 2009 – 2012 through Altus. We engaged the tax consulting division of Altus to continue with these appeals. We also engaged Altus to file an Application for Rebate of Property Taxes for Vacancies in Commercial and Industrial Buildings for 2012 and to file an appeal of the 2013-2016 MPAC Property Assessment Notice which assessed the Property at \$5,731,000 in 2013 and \$5,812,000 by 2016.

Other Assets

The Receiver has filed a proof of claim in the bankruptcy of SAMAK for just over \$1

million but is not optimistic of receiving a dividend. The unaudited books and records of 205 show balances due from other Khalid Entities but none of them are believed to have any free assets so we have not to date expended any resources formalizing and pursuing these claims.

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 December 19, 2012.

Secured Creditors

We had our independent counsel, Gardiner Roberts LLP, review the security registered against 205 and 205's assets in view of our appointment as Receiver. We attach as *Exhibit "F"* a copy of their opinion letter dated September 28, 2012. Their opinion states, among other things, that the Bank has valid security first in priority over the Brockville Property up to a maximum of \$7,750,000 plus interest and costs. The total indebtedness of the Bank is in excess of \$12,000,000. The debt is jointly and severally owed by a number of the Khalid Entities including Bayside and 205. Based on the anticipated net realization from the sale of the Brockville Property and from the initial indications we have of the value of the Bayside Mall we do not anticipate that the indebtedness of the Bank will be extinguished from the net realization from this receivership and the receivership of Bayside. In short, the expectation is that the Bank will suffer a significant shortfall even with the sale in this receivership.

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 Canadian 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.

Fees and Expenses of the Receiver and its Legal Counsel

The fees and expenses of the Receiver and its legal counsel relating to their activities from August 1, 2012 to March 31, 2013 were as follows:

A. John Page & Associates Inc.

Month	Hours	Fees	HST	Total
August 2012	175.78	\$56,320.01	\$7,321.60	\$63,641.61
Sept. 2012	111.15	36,124.66	4,696.21	40,820.87
October 2012	93.73	29,686.26	3,859.21	33,545.47
Nov. 2012	37.97	11,249.68	1,462.46	12,712.14
Dec. 2012	62.69	17,458.88	2,269.65	19,728.53
January 2013	46.09	12,320.37	1,601.65	13,922.02
February 2013	82.74	25,984.95	3,378.04	29,362.99
March 2013	47.83	14,089.51	1,831.64	15,921.15
Total	657.98	\$203,234.32	\$26,420.46	\$229,654.78

Gardiner Roberts LLP

<u>Period Covered</u>	<u>Fees</u>	<u>Disbursements</u>	<u>HST</u>	<u>TOTAL</u>
August 1 - 31, 2012	\$10,280.00	\$292.75	\$1,357.95	\$11,930.70
September 4 - 28, 2012	13,367.00	580.31	1,806.03	15,753.34
Sep 24 - Oct 31, 2012	5,210.00	8.25	678.37	5,896.62
Nov 5 - 28, 2012	800.00	1.25	104.16	905.41
Dec 5 - 6, 2012	1,655.00	16.50	217.30	1,888.80
Jan 22 - 31, 2013	2,545.00	190.50	349.38	3,084.88
Feb 1 - 21, 2013	12,339.00	229.66	1,632.89	14,201.55
	<u>\$46,196.00</u>	<u>\$1,319.22</u>	<u>\$6,146.08</u>	<u>\$53,661.30</u>

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. Shortly after their appointment as property manager Larlyn opened up a separate account at Royal Bank of Canada

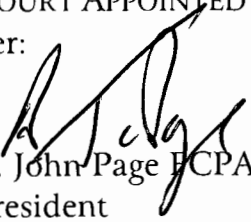
("the Larlyn Royal Account") for use in the management of the Property. We have signing authority over this account jointly with Larlyn and all cheques over \$20,000 have to be signed by us. Attached as *Exhibit "F"* is a copy of the Receiver's Interim Statement of Receipts and Disbursement from June 21, 2012 to April 10, 2013 combining the three accounts ("the R&D"). (The R&D does not include all transactions flowing through the Larlyn Royal Account after February 28, 2013 as these have yet to be fully reported to us.) We are asking the court to approve the R&D.

The fees and disbursements of the Receiver to March 31, 2013 are included as a disbursement in the R&D. The Receiver's fees totalling \$203,234.32 (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 March 31, 2013 totalling \$47,515.22 (excluding HST) 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.

All of which is respectfully submitted this 11th day of April, 2013

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


A. John Page BCPA, FCA-CIRP
President

Exhibits to the Second Report of

A. John Page & Associates Inc.

as Court Appointed Receiver of Certain Assets of 2058756 Ontario Limited

dated April 11, 2013

Initial Order	A
Altus Appraisal	B
Redacted CBRE Marketing Reports	C
Confidential Memorandum	D
Stonewater APS	E
Gardiner Roberts Opinion Letter	F
Statement of Receipts and Disbursements	G

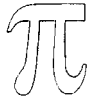


Exhibit "D"

**Fifth Report of A. John Page & Associates Inc.
Court Appointed Receiver of Certain Assets
of 2058756 Ontario Limited
Dated November 19, 2014**

Third Report

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

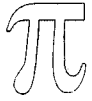


Exhibit "E"

**Fifth Report of A. John Page & Associates Inc.
Court Appointed Receiver of Certain Assets
of 2058756 Ontario Limited
Dated November 19, 2014**

Fourth Report

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

BETWEEN:

ICICI BANK CANADA

Applicant

-and-

2058756 ONTARIO LIMITED

Respondent

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

Dated August 6, 2014

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.

On August 8, 2013 the Receiver made its Third Report to the Court (“**the Third Report**”).

By Order of the Honourable Mr. Justice Pattillo dated August 26, 2013 (“**the August 26, 2013 Order**”) the activities of the Receiver set down in the Third Report were approved. The fees and expenses of the Receiver and its counsel to July 31, 2013 were also approved as was the Statement of Receipts and Disbursements included in the Third Report.

The August 26, 2013 Order also authorized an interim distribution to ICICI Bank Canada and established a claims bar date with respect to a potential claim related to an overdrawn bank account with Habib Canadian Bank (“**Habib Bank**”).

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 Third Report
- Seek approval of the activities of the Receiver and its Statement of Receipts and Disbursements as described in this Report
- Seek approval for a further interim distribution
- Seek approval for the fees and disbursements of the Receiver and its legal counsel to July 31, 2014 as set down in fee affidavits

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 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**”.

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 ensuring 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**"). At the same time we terminated SAMAK as property manager of the Brockville Property and engaged Larlyn to replace them.

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 Sale of the Brockville Property

As detailed in the Third Report the Property was sold to the Purchaser and the transaction closed on April 30, 2013.

Harmonized Sales Taxes (“HST”)

As noted in some detail in the Third Report, the status of 205’s HST filings was complicated. At that time, we had filed all the outstanding returns relating to both the Kingston Property and the Brockville Property up to the date of the two receiverships based on the information we had been able to locate. Three large refund returns were being audited by Canada Revenue Agency (“CRA”). CRA had asked us for extensive information and support relating to those refund claims and, in particular the HST input tax credits (“ITCs”) included in the three returns. We were eventually able to find most of the documentation requested. However CRA then exercised the right to effectively disallow a number of large ITCs on the grounds that there was an insolvency and the underlying purchase invoice was never going to be paid. They did this pursuant to HST Policy Statement P-112R by exercising their authority under Section 296(1)(b) of the Excise Tax Act to assess the purchaser (ie 205) for the unpaid HST. Based on these disallowances our small refund claim became a large HST payable.

On June 23, 2014 we received a letter from CRA claiming the amount of \$74,639.61 as a deemed trust priority payment together with unpaid penalties and interest totalling \$10,784.41.

We have performed a cursory review of this claim. Given the complexities of the 205 HST accounting we would need further information from CRA in order to be certain that this claim is correct and represents the total amount of unpaid HST forming a deemed trust priority claim. It seems however to be of the right order of magnitude, given the disallowance noted above of certain unpaid ITCs.

We have not made any further enquiries to CRA and we have not investigated whether the above mentioned policy statement is applicable or has been applied correctly. This is in part because of the amounts at stake and in part because we have been informed that the Bank is considering taking steps to bankrupt 205 which, we understand, would have the effect of removing the priority of any CRA HST deemed trust claim. Given the status of the secured claim of the Bank, the HST claim would therefore likely never be paid.

Pending the Bank deciding on what course of action to pursue and given the magnitude of the amounts involved and the fact that CRA could still audit other HST returns, we are proposing continuing to hold back \$200,000 from proposed interim distributions until this matter is resolved. We had previously added CRA (Department of Justice) to the service list so that they would have an opportunity to consider if a larger hold back might be appropriate. They indicated at the time of our earlier interim distribution that they were not objecting to our proposed course of action.

Property Tax Appeals and Rebate Applications

At the date of the Third Report we had outstanding appeals for the 2009-2012 Property Assessment and the 2013 Property Assessment together with an outstanding 2012 Vacancy Rebate Application. We subsequently filed a Vacancy Rebate Application re the stub period from January 1 to April 29, 2013 (the date of the closing of the sale of the Brockville Property).

With the concurrence of the Bank we reached a settlement with the Municipal Property Assessment Corporation regarding the Property Assessment appeals and have received refunds totalling \$478,666 re the 2009-2012 property taxes, \$35,092.99 re the 2013 property taxes and \$21,553 on account of the Vacancy Rebate Applications.

The last of these claims was paid out in early July this year. The payments came without backup documentation. Our initial and cursory review of the amounts paid suggests that a slightly larger amount should have been paid to take into account the refund of interest previously paid on property taxes that have now been refunded. We have contacted the City of Brockville to obtain more information and they have verbally confirmed that they are working on an interest refund calculation.

Once we have the results of that calculation and any resulting refund and once we have an adequate understanding of the actual amounts of the various components of property tax refunds and are comfortable no significant additional amounts might be still payable, we will determine if any tenants have a claim to any portion of these refunds and, if so, whether any such claim has priority over the Bank's security.

The Kingston Property and Related Receivership

We have had only limited dealings with SLF regarding the receivership of the Kingston Property since the Third Report. These dealings have been primarily related to the filing of outstanding HST returns.

Nortel Networks Corporation et al. (“Nortel”) Claim

We understand that the Kingston Property used to be owned by Nortel and as part of its sale in 1995 Nortel gave an indemnity relating to any violation of environmental law by Nortel prior to the sale. As noted in earlier reports the Kingston Property is believed to be contaminated. Nortel is being wound up pursuant to the Companies Creditors Arrangement Act (“CCAA”) and we understand that 205 submitted a large claim in the CCAA proceedings. The issue of whether such a claim is a claim in the CCAA proceedings has been affirmed in a recent high profile court determination. The likely payout under any such claim is currently the subject of another high profile court determination. Some of this claim would presumably flow with the still contaminated land. However some of the claim should pertain to costs already expended by 205 which we have estimated to be of the order of \$200,000. We have been contacted by counsel for the purchaser of the Kingston Property and are discussing the matter with them with a view to seeing if they might be interested in acquiring any claim 205 might have in this regard, given how long a final determination of all the issues in the Nortel CCAA proceedings might take. In general we are monitoring developments in this area to see if further action on our part is warranted to pursue a claim on behalf of 205.

Creditors and the BIA

In accordance with the requirements of the BIA we have been issuing periodic Interim Reports of Receiver to the Superintendent of Bankruptcy, 205 and any interested creditor.

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 was unclear.

In order to advance the resolution of this matter, the August 26, 2013 Order established a claims bar date of September 9, 2013 ("**the Claims Bar Date**") in respect to the potential claims of The Family Trust, Habib Bank and/or the Trustee in Bankruptcy of SAMAK ("**the Habib Bank Claimants**") failing further notice of which claims, the Receiver was permitted to distribute to the Bank the amounts heldback for such claims.

No written notice of a claim was received from any of the Habib Bank Claimants by the Claims Bar Date and the Family Trust Motion was dismissed and we therefore distributed to the Bank an additional \$70,000 being the amount being held back by

us on account of this potential claim.

Fees and Expenses of the Receiver and its Legal Counsel

The fees of the Receiver relating to its activities from August 1, 2013 to July 31, 2014 were as follows:

A. John Page & Associates Inc.

Month	Hours	Fees	HST	Total
August 2013	28.18	\$8,461.72	\$1,100.02	\$9,561.74
Sept. 2013	13.61	4,026.45	523.44	4,549.89
October 2013	5.42	1,697.94	220.73	1,918.67
Nov. 2013	9.92	3,584.66	466.01	4,050.67
Dec. 2013 – Jan. 2014	10.33	2,795.53	363.42	3,158.95
Feb. – April 2014	9.41	2,588.39	336.49	2,924.88
May – July 2014	23.72	7,525.62	978.33	8,503.95
Total	100.59	\$30,680.31	\$3,988.44	\$34,668.75

The fees and expenses of the Receiver's legal counsel relating to its activities from August 1, 2013 to July 31, 2014 were as follows:

Gardiner Roberts LLP

Period Covered	Fees	Disbursements	HST	Total
August 2013	\$4,981.50	\$763.44	\$746.84	\$6,491.78
Sept. 2013	439.50	31.08	61.18	531.76
Dec. 2013	588.00	10.75	77.84	676.59
January 2014	135.00	6.50	18.40	159.90
March 2014	315.00	5.25	41.63	361.88
July 2014	1,535.00	5.25	200.23	1,740.48
Total	\$7,994.00	\$822.27	\$1,146.12	\$9,962.39

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. The Larlyn Royal Account has now been closed. Attached as **Exhibit "B"** is a copy of the Receiver's Interim Statement of Receipts and Disbursements from June 21, 2012 to August 6, 2014 combining the three accounts ("**the R&D**"). We are asking the court to approve the R&D.

The fees of the Receiver from August 1, 2013 to July 31, 2014 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 August 1, 2013 to July 31, 2014 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.

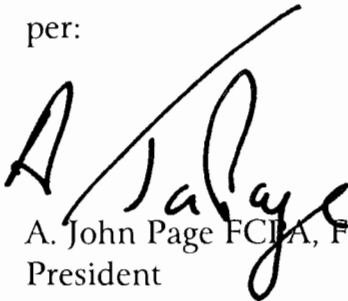
Interim Distribution

As authorized by the August 26, 2013 Order we made a first interim distribution to the Bank of \$700,000. Once the Claims Bar Date had passed without a claim being made we made a further distribution to the Bank of \$70,000.

We are proposing making a further interim distribution of \$500,000 to the Bank and holding back the balance of the funds in our possession pending resolution of the outstanding matters detailed in this report.

All of which is respectfully submitted this 6th day of August, 2014

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". The signature is written in a cursive style with a large, sweeping initial "A".

A. John Page FCIA, FCA, CIRP
President

Exhibits to the Fourth Report of

A. John Page & Associates Inc.

as Court Appointed Receiver of Certain Assets of 2058756 Ontario Limited

dated August 6, 2014

Initial Order	A
Statement of Receipts and Disbursements	B

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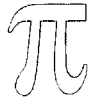


Exhibit "F"

**Fifth Report of A. John Page & Associates Inc.
Court Appointed Receiver of Certain Assets
of 2058756 Ontario Limited
Dated November 19, 2014**

Exhibit "F" to the Second Report



GARDINER ROBERTS

Jeffrey B. Rosekat
Direct Line: 416.865.6662
jrosekat@gardiner-roberts.com
File No.: 98562

September 28, 2012

VIA EMAIL

Mr. John Page
A. John Page & Associates Inc. as Receiver of Certain Assets of
2058756 Ontario Limited
100 Richmond Street West, Suite 447
Toronto, ON
M5H 3K6

Dear Sir:

Re: 2058756 Ontario Limited. (the "Company")

On June 21, 2012, by Order of Justice Brown of the Ontario Superior Court of Justice, you were appointed as Receiver over all of the assets, undertakings, and properties of the Company, save and except the real property known municipally as 700 Gardiner Road, Kingston, Ontario.

This letter follows your request for a review of the security registered against the Company and the Company's assets and undertaking, in view of your appointment as Receiver.

A. Standard Assumptions and Qualifications

In rendering our opinion concerning the registered security, we have made the following standard assumptions:

- original copies of all documents were in fact signed by the person named therein;
- the security documents are enforceable against the debtor named therein in accordance with their written terms;
- any addresses in financing statements or financing change statements are correct;
- unless otherwise stated, the security documents were delivered by the debtor named therein on the date stated therein;

GARDINER ROBERTS LLP

Scotia Plaza, 40 King Street West, Suite 3100
Toronto, ON, Canada M5H 3Y2

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- in the case of execution of a document by an individual, that the debtor's name is correctly stated;
- where we have been provided with a copy of a verification statement or have relied on a search pursuant to the Personal Property Security Act (the "PPSA"), with respect to a registration, rather than the financing statement or financing change statement to which it relates, we have assumed that the relevant financing statement or financing change statement was properly executed by or on behalf of the secured party; and
- that verification statements were provided to each debtor within twenty days of registration unless waived in writing by the debtor.

B. Corporate History

We have performed corporate searches on the Company. We have not seen the minute books. The company was incorporated on November 17, 2004.

According to the Corporation Profile Report obtained from the Ontario Ministry of Government Services, Malik Sajjad Khalid, of 184 Sandringham Drive, Toronto, is the sole officer and director of the Company. The Company's registered head office is at 220 Duncan Mill Road, Suite 619, North York, Ontario.

The Company has one business name registered: City West Kingston.

We have been provided with a copy of a "Trust Declaration" indicating that the property at 100 Central Avenue in Brockville (the "Brockville Property") is held in trust by the Company for the M.S. Khalid Family Trust and BPHL Holdings Inc. We understand from the Company's accountants that several years ago BPHL Holdings Inc. transferred its interest to the M.S. Khalid Family Trust and that the trust is now the sole beneficially interested party.

We assume for the purposes of this opinion that any grant of security over the Brockville Property was given by the Company with the consent of the M.S. Khalid Family Trust. This appears to be a reasonable assumption given that Mr. Malik Khalid is particularly involved with both the Company and the M.S. Khalid Family Trust.

C. Security and Mortgages

On November 21, 2005, the Company entered into a General Security Agreement (the "GSA") with ICICI Bank Canada ("ICICI"). The GSA appears to have been signed by "Malik S. Khalid" as President of the Company, and by Behrouz Parsa as Secretary of the Company

The Company has also entered into an agreement with ICICI granting security over cash, credit balances and deposit instruments. This agreement is dated November 26, 2004, and appears to have been signed by Malik Khalid and Behrouz Parsa for the Company.



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The advances appear to have been made by Promissory Notes in the amounts of \$350,000 and \$3,600,000, however we have not been provided with copies of those notes. We are assuming that all advances were actually made by ICICI. We have no reason to suspect that they were not and the materials filed on the Receivership Application confirm that advances were made.

The Company also granted the following mortgages over the real property located at the Brockville Property:¹

- A first mortgage to ICICI was registered on title to the Brockville Property on December 1, 2004 as Instrument No. LR350675. The charge appears to have been signed on November 29, 2004, by Malik S. Khalid as President of the Company and by Behrouz Parsa as Secretary of the Company. This first mortgage is in the principal amount of \$5,500,000, with interest at 7.0% per annum, calculated semi-annually, not in advance. Standard charge terms 200033 apply to the mortgage. The Schedule to the Charge recites six forbearance agreements, the latest dated April 30, 2012. We have not reviewed any of the forbearance agreements, which we understand have expired in any event.

The first mortgage was amended by agreement dated January 31, 2005. A Notice of Agreement Amending Charge was registered on January 31, 2005, as Instrument No. LR 0352441. The amendment replaced the schedule to the Charge with the one referencing the six forbearance agreements.

- A second mortgage to ICICI was registered on title to the Brockville Property on November 22, 2005 as Instrument No. LR350677. The charge appears to have been signed on November 21, 2005 by Malik S. Khalid and Behrouz Parsa. The second mortgage is in the principal amount of \$2,250,000.00 and bears interest at a rate of 5.0% per annum, calculated semi-monthly, not in advance. Standard charge terms 200033 apply to the mortgage, and reference the Facility Letter dated November 17, 2005.
- A third mortgage to BPHL Holdings Inc. was registered on title to the Brockville Property on January 16, 2009 as Instrument No. LE11766. The third mortgage is in the principal amount of \$4,200,000.00, and bears interest at a rate of 7.5% per annum, calculated quarterly, not in advance. Payments in the amount of \$100,623.86 are to be made quarterly. Standard charge terms 200033 apply to the mortgage. Additional terms are scheduled to the charge, and include a change of control provision and a cross-default provision linking this mortgage to the mortgage on the Kingston property. The scheduled terms also reference a "Daghighi Mortgage" which shall not exceed \$750,000.00, however there appears to be no reference on title to the Brockville Property to this mortgage.
- A fourth mortgage to ICICI was registered on title to the Brockville Property on April 10, 2012 as Instrument No. LE45127. This mortgage is in the principal amount of \$5,000,000 and bears interest at a rate of 7.0% calculated semi-annually, not in advance. Standard charge terms 200033 apply to the mortgage. The six forbearance agreements are recited in a schedule to the charge.

The Company has also executed General Assignments of Rents in association with three of the mortgages, specifically these are assignments to,

¹ The municipal address in the land titles system for the Brockville Property is 140 Stewart Boulevard, Brockville. There is no PIN for 100 Central Avenue.



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- ICICI Bank Canada, registered on December 1, 2004, as Instrument No. LR350678;
- ICICI Bank Canada, registered on November 22, 2005, as Instrument No. LR362573; and
- BPHL Holdings Inc., registered on January 16, 2009, as Instrument No. LE11769.

A Notice of Lease was registered on December 1, 2004, as Instrument No. LR350676 with respect to the Black & Decker Canada Inc. lease.

We have not been provided with copies of any Directors' Resolutions, Officers' Certificates, or the Company's by-laws or articles of incorporation.

D. PPSA Review

The Company has four families of registrations against it under the Ontario Personal Property Security Register. They are as follow:

<u>File No.</u>	<u>Reg. No.</u>	<u>Debtor</u>	<u>Secured Party</u>	<u>Notes</u>
610915941	20041126 1632 1793 1777	2058756 Ontario Limited	ICICI Bank Canada	Renewed twice through to October 26, 2012.
620628822	20051121 0928 1793 9819	2058756 Ontario Limited	ICICI Bank Canada	"General security agreement" Renewed through to October 27, 2012
620628903	20051121 0931 1793 9820	2058756 Ontario Limited	ICICI Bank Canada	"General assignment of rents for the property known municipally as 100 Central Avenue, Brockville, Ontario, K6V 4N8" Renewed through October 27, 2012.
664782984	20100929 1147 1590 9223	2058756 Ontario Limited	J.D.L. Finance Limited	"General security agreement, assignment of rents" "Other" is the only box checked.

We understand that the recovery on the debtor's assets is unlikely to reach the point at which funds would be available for J.D.L. Finance Limited. As such, we have not reviewed any of the documents relating to their security. Should the realisation prove to be markedly higher than current estimates, we will review the J.D.L. Finance Limited security documents at that point.

E. Other Searches

We have conducted a search for Bank Act security against the Company, and there appear to be no registrations.



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We have also conducted execution searches in Brockville (the United Counties of Leeds and Grenville) and Kingston (the County of Frontenac), and no judgments appear to have been registered as against the Company.

F. Opinion

In our opinion, with respect to those assets over which you have been appointed Receiver, the security and mortgages of ICICI Bank Canada and BPHL Holdings Limited are valid and binding against you in accordance with their priority of registration. The priorities for the proceeds of sale of the Brockville Property are therefore:

- First, ICICI Bank Canada, for the amount of the debt owed by the Company, up to the maximum amount of the principal, interest, and costs of the first two mortgages;
- Second, BPHL Holdings Limited, for the amount of the debt owed by the Company, up to the maximum amount of the principal, interest, and costs of the third mortgage;
- Third, ICICI Bank Canada, for the amount of the debt owed by the Company, up to the maximum amount of the principal, interest, and costs of the fourth mortgage

The priorities for the proceeds of sale of any personal property of the Company are:

- First, ICICI Bank Canada, for the amount of the debt owed by the Company; and
- Second, J.D.L. Finance Limited, for the amount of the debt owed by the Company.

We trust that this is satisfactory. Please feel free to contact us should you have any questions or comments.

Yours very truly,

GARDINER ROBERTS LLP

Jeffrey B. Rosekat