

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

BETWEEN:

ICICI BANK CANADA

Applicant

-and-

BAYSIDE MALL LIMITED

Respondent

**FIRST REPORT OF THE COURT APPOINTED RECEIVER
OF BAYSIDE MALL LIMITED**

Dated January 28, 2013

Introduction

Pursuant to a motion heard on December 5, 2012, the Honourable Mr. Justice Wilton-Siegel appointed A. John Page & Associates Inc. as receiver and manager ("**the Receiver**") of certain of the assets, undertakings and properties of Bayside Mall Limited ("**Bayside**") 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 Wilton-Siegel dated December 5, 2012 (**the "Initial Order"**) is attached as *Exhibit "A"*.

The principal asset of Bayside is a 250,958 square foot shopping mall located at 150-202 Christina St. N., Sarnia, Ontario ("**the Bayside Mall**").

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 or otherwise attempted to fully verify the accuracy and completeness of the information obtained and, accordingly, expresses no opinion or other form of assurance in respect of the information contained in this Report.

Purpose of this Report

- To report in accordance with Section 32 of the Initial Order;
- To seek approval of the activities of the Receiver as described in this Report and
- To support a request for the passing of the accounts of the Receiver and its legal counsel

Section 32 of the Initial Order

Section 32 of the Initial Order states that “This Court Orders that the first report of the Receiver shall be served on counsel for the Debtor and counsel for SAMAK by no later than January 28, 2013, and that there shall be a motion in connection with such report scheduled for a date no later than 10 days following service.”

Malik Khalid and the Khalid Entities

The principal of Bayside is Mr. Malik Khalid. As well as his interest in Bayside, 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 a property management company, SAMAK Management & Construction Inc. (“SAMAK”). Collectively we will describe these business interests as the “**Khalid Entities**”. The Khalid Entities include a company, 2058756 Ontario Limited (“205”), that owns two properties, a 513,500 square foot industrial property at 100 Central Avenue West, Brockville (“**the Brockville Property**”) and a 515,000 industrial property at 700 Gardiner Road, Kingston (“**the Kingston Property**”). The Applicant has mortgage security over the Brockville Property and on June 21, 2012 A. John Page & Associates Inc. was appointed receiver of the assets of 205 except for the Kingston Property by order of the Honourable Mr. Justice Brown. The major asset covered by that appointment

was the Brockville Property. The Applicant does not claim mortgage security over the Kingston Property. On October 10, 2012 Schwartz Levitsky Feldman Inc. was appointed receiver of the Kingston Property by order of the Honourable Mr. Justice Campbell.

The Bayside Mall

Overview

The Bayside Mall comprises a 250,958 square foot enclosed shopping mall and office building together with close to 1,000 underground and over 300 surface parking spaces. It is located at 150-202 Christina St. N. in Sarnia, Ontario. The Bayside Mall is situated on approximately 8.72 acres of leased land owned by The City of Sarnia (“**the City**”) pursuant to a land lease. The Receiver is currently attempting to confirm the terms and status of that land lease. At the date of our appointment the Bayside Mall had approximately 25 tenants collectively occupying approximately 44% of the available space.

Property Management

Up to the date of our appointment, SAMAK had been the property manager of the Bayside Mall. We decided to not engage or retain SAMAK. Instead we engaged Larlyn Property Management Ltd. (“**Larlyn**”) to manage the Bayside Mall pursuant to an agreement effective December 5, 2012 (“**the Management Agreement**”). A copy of the Management Agreement is attached as *Exhibit “B”*. Larlyn are a property management company with their head office in London Ontario and satellite offices across Ontario, including in Chatham.

We entered into an agreement with SAMAK (“**the Transition Agreement**”) to help ensure an orderly transition to Larlyn. A copy of the Transition Agreement is attached as *Exhibit “C”*.

Taking Possession

We attended at the Bayside Mall with Larlyn on December 5, 2012. Once we had received confirmation that the Initial Order had been granted we took possession of the Bayside Mall. We met with the mall manager and key staff. Larlyn had locks changed on all exterior mall doors and the entrance to the management offices. We arranged for the utility meters to be read and for new accounts to be opened in our name. We toured the Bayside Mall with the mall manager and senior representatives of Larlyn. We had Larlyn distribute notices we had drafted relating to our appointment to tenants, selected suppliers and those persons working for SAMAK at the Bayside Mall.

Transitional Issues

Books and Records

In accordance with the terms of the Transition Agreement and the Initial Order we obtained from SAMAK/Bayside a digital copy of the current Quickbooks accounting records relating to Bayside. In addition 24 banker's boxes of records relating to Bayside were handed over to us. We are in the process of reviewing these records. We note that SAMAK records relating to their management of Bayside Mall appear to be comingled with Bayside records. On an initial review we identified some records which we would have expected either SAMAK or Bayside to have but which were not provided to us. We are in communication with SAMAK/Bayside in that regard. The Transition Agreement requires us to copy and return the SAMAK records relating to Bayside and the Bayside Mall. We have obtained quotes for this copying which are of the order of \$250 per banker's box.

Employees

Bayside had no employees. As at December 5, 2012 approximately 14 SAMAK employees were working at the Bayside Mall and SAMAK advised us that there were wage arrears of approximately \$15,000 and vacation pay arrears of approximately \$1,700 due to these

employees.

Pursuant to the Transition Agreement, Larlyn offered employment to all these persons and paid the wage arrears and vacation pay arrears in accordance with the Transition Agreement and the information provided by SAMAK.

December 2012 Rent Held by SAMAK December 2012 Rent Held by SAMAK

Prior to the Initial Order, Bayside and SAMAK, among others, had consented to the engagement of A. John Page & Associates Inc. as monitor of Bayside (the “**Monitor**”).

On November 20, 2012, in the lead up to the December 5, 2012 court hearing at which we were appointed Receiver, SAMAK, through its counsel Mr. Alfred Apps, undertook to hold the December 2012 rent it collected and disperse those funds only on the direction of the Monitor. The Monitor has not provided SAMAK with any such direction to date and SAMAK has yet to provide an accounting of the funds they are holding.

Insurance

We had the existing insurance policy reviewed by our insurance advisors and, based on that advice, have retained the policy but have increased the commercial general liability coverage to \$10 million. The policy had only been put in place in late October 2012 to replace a policy that had already been allowed to lapse. We determined that there were a number of requirements of the new insurer that SAMAK/Bayside had not complied with by December 5, 2012, in particular that all cleaning be performed by third party cleaners. We are arranging for these requirements to be satisfied.

Existing Tenants

As at the date of this report there are approximately 25 tenants. Larlyn is in the process of producing a current rent roll.

Structural Deficiencies at the Bayside Mall

Prior to our appointment we had been advised that in August 2012 the Ontario Ministry of Labour (“**the MOL**”) had issued a “Notice of Compliance” relating to the parking garage following an attendance at the Bayside Mall, apparently prompted by the events at the Algo Shopping Centre in Elliot Lake, and that quotes had been obtained by SAMAK for in excess of \$700,000 for structural work on the parking garage but no work had been commenced due to lack of funding. We were not sure how to interpret information received from SAMAK and Mr. Khalid at that time because we understood the Applicant, ICICI Bank Canada (“**the Bank**”), was in discussions with Mr. Khalid and other parties with respect to a possible buyout of the Bank’s security and therefore Mr. Khalid had an incentive to talk down the value of the Bayside Mall. We had also been advised that on October 30, 2012 the City had issue an Order to Remedy Unsafe Building (an “**Order to Remedy**”) with respect of the second floor exterior walls and that the Order to Remedy required that the deficiency be rectified by December 1, 2012. As at December 5, 2012 the deficiency had not been rectified.

On December 5, 2012 we attended at the Bayside Mall with Larlyn and reviewed generally these issues. We then instructed Larlyn to further investigate the issues and to report back to us.

Parking Garage

The Bayside Mall has an underground parking garage beneath an open air street level parking garage attached/adjacent to the mall itself. We have determined that the Notice of Compliance issued by the MOL on August 10, 2012 required Bayside to have the parking garage inspected by a professional engineer. On the same day the City issued an Order to Remedy. The parking garage Order to Remedy required Bayside to cease using a small portion of the street level parking area, provide temporary shoring in two small areas in the underground parking garage and to have a structural review conducted by a professional

engineer. It is our understanding that Bayside complied with both the parking garage Order to Remedy and the Notice of Compliance. In particular a firm of professional engineers, exp Services Inc., issued a report dated August 31, 2012 (“**the exp Report**”) entitled “Limited Parking Garage Deck Review”. We understand that a copy of the exp Report has been supplied to both the MOL and the City. Bayside then engaged Robert E. Dale Limited consulting engineers (“**Dale**”) to prepare and circulate a tender package for certain repairs to the parking garage (“**the Tender Package**”). Bayside also arranged for semi-weekly inspections by Dale of the section of the parking garage that was the subject of the Order to Remedy. We have seen a series of responses to the Tender Package with pricing up to \$673,000 plus HST for what appears to be substantial repairs to the parking garage.

It seems that, at this time, with temporary shoring in place, with a portion of the surface parking lot sealed off and with regular inspections taking place there is no immediate potential health and safety issue. What is not clear to us at this time is what work is necessary from a health and safety perspective and what restorative work is “nice to have” because, for example, it stops water leaks that may cause problems in the future. Although we have seen engineering drawings relating to restorative work we have yet to see an engineering report that states, in plain English, that the following needs to be repaired promptly or there is a plausible health and safety concern. We have asked Larlyn to review the Tender Package and the work done by Dale and others and to report back to us in that regard. Larlyn are ensuring that the temporary shoring remains in place and the inspections by Dale continue. Larlyn have had limited discussions with the MOL and the City and have reported back to us that both the MOL and the City seem prepared to wait and see what action the Receiver proposes to take with respect to the parking garage rather than issue further Orders to Remedy or Notices of Compliance.

Wall Repair

We determined that an area of about 3,200 square feet of stucco covered wall on the second

floor of the Bayside Mall had suffered damage over an extended period of time and that, as well as exterior damage, there was resulting water leakage into office space occupied by the County of Lambton, the major tenant of the Bayside Mall.

SAMAK had previously obtained a quote to repair the damage dated May 1, 2012 for \$46,816 plus HST. Larlyn obtained a second quote from A-1 Building Envelope Solutions Inc. ("A-1") for \$38,416.20 plus HST. Based on Larlyn's recommendation we engaged A-1 to effect the repairs on December 20, 2012. We have proceeded in this way for a number of reasons including to stop further damage to the building, to resolve the water leakage into the offices of a major tenant (and the potential dispute over unusable space and a possible health hazard due to damp and mould) and thirdly to address the City's Order to Remedy and thereby to maintain good relations with the City, particularly since we have the bigger issue of the parking garage still to address.

SAMAK had previously suggested that the wall damage was significantly worsened by the impact of Hurricane Sandy in the late summer of 2012 and that an insurance claim should be filed. However, it appears that SAMAK did not file any such claim and, given that SAMAK had already been obtaining quotes to repair the wall in the spring of 2012, we have concluded that it would be difficult to establish such a claim.

The supplies for the wall repair have been ordered and the work is due to be completed by early February 2013. Larlyn have informed us that the City and the County of Lambton have approved this schedule.

Creditors

The BIA Notice of Receiver

We sent out the statutory Notice of Receiver to the creditors of Bayside we were aware of.

Determining who the creditors of Bayside were was complicated by the fact that SAMAK appears to have entered into a number of contracts pertaining to the Bayside Mall in its own name as principal and not as agent for Bayside.

Secured Creditors

We understand that the Bank is owed approximately \$13,000,000 secured by two mortgages for \$6,500,000 and \$5,000,000, registered against the Bayside Mall together with a General Security Agreement registered under the PPSA against Bayside. We have asked our independent legal counsel, Gardiner Roberts LLP, to review the Bank's security.

Property Taxes

While we believe there are significant property tax arrears, we do not have the most recent property tax bills and we are aware of a series of significant credits that were applied to the taxes owing in 2011 thereby making it impossible for us to meaningfully estimate the amount owing at this time. We have therefore written to the City in order to determine the current status of property tax billings.

Harmonized Sales Tax ("HST")

Canada Revenue Agency has informed us that HST arrears including penalties and interest were approximately \$41,000 at December 5, 2012. This amount is owed in connection with returns filed for the quarters ended April 30, July 31 and October 31, 2012. We plan to prepare and file the outstanding return covering the period from November 1 to December 5, 2012 in due course.

We have requested an HST sub account and will file HST returns covering our own activities with CRA.

Other Government Claims

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

The most recent corporate tax return filed by Bayside is for the year ended December 31, 2011. It indicates that \$767 was owed and paid.

Other Matters

Listing of the Bayside Mall in 2012

Bayside listed the Bayside Mall for sale with Kenn Poore of DTZ Barnicke London Windsor Sarnia Ltd. in May 2012. The listing price was \$13,500,000. We have no information at this time regarding the efforts made to market the Bayside Mall pursuant to that listing agreement and the outcome of those efforts. The listing agreement appears to have expired on November 8, 2012. We plan to reach out to Mr. Poore shortly to better understand those efforts and his assessment of the market for the Bayside Mall.

The Receiver's Proposed Strategy with Respect to the Bayside Mall

The Receiver is initially, with the assistance of Larlyn, ascertaining the financial position of the Bayside Mall and, in particular, the status of the tenant leases, the monthly rent roll, the approximate monthly operational expenses and the net income. The Receiver is also ascertaining the general condition of the Bayside Mall, in particular with respect to the condition of the parking garage.

The Receiver plans to canvas Mr. Poore and a number of other realtors in order to get their opinions with respect to how to maximize the value of the Bayside Mall. Once sufficient basic reliable financial information is available, the Receiver will most likely commission an

appraisal.

Larlyn and the Receiver are also considering how to address the vacant space and leasing opportunities.

Paragraph 11 of the Initial Order

We have been informed that at the attendance before the Honourable Mr. Justice Wilton-Siegel it had been discussed and agreed that the reference to SAMAK in paragraph 11 of the then draft Initial Order ought to be deleted. Through an oversight this did not happen.

Legal Counsel

We are using Mr. Heath Whiteley to assist us in most legal matters relating to this assignment. Mr. Whiteley has acted as counsel for the Bank for a number of years with regard to this file and has extensive background knowledge. We have engaged Gardiner Roberts LLP to act as our independent counsel to review the Bank's security, to address any other matters where Mr. Whiteley might conceivably find himself in a position of conflict and to provide any further assistance we might require.

Banking and the Receiver's Statement of Receipts and Disbursements

We opened up receivership bank accounts at Royal Bank of Canada and at the Bank. We borrowed \$750,000 from the Bank pursuant to a Receiver's Certificate to enable us to promptly handle any urgent expenditures that might be required.

Attached as *Exhibit "D"* is a copy of the Receiver's Interim Statement of Receipts and Disbursement from December 5, 2012 to January 28, 2013. We are asking the court to approve this statement.

The fees of the Receiver to December 31, 2012 are included as a disbursement in the Receiver's Interim Statement of Receipts and Disbursements. The Receiver's fees totalling

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January 28, 2013

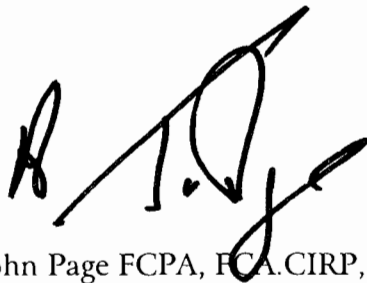
\$59,620.75 plus HST are more fully set out in the invoice attached to the affidavit of A. John Page that is being filed separately with the Court in support of the application seeking their approval.

The fees and expenses of Mr. Whiteley to December 31, 2012 totalling \$5,000 plus 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.

The fees and expenses of Gardiner Roberts LLP to December 31, 2012 totalling \$1,894.50 plus 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 28th day of January, 2013

A. JOHN PAGE & ASSOCIATES INC.
COURT APPOINTED RECEIVER OF BAYSIDE MALL 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, CIRP
President

**Exhibits to the Report of A. John Page & Associates Inc.
as Court Appointed Receiver of Bayside Mall Limited
dated January 28, 2013**

Initial Order	A
Management Agreement	B
Transition Agreement	C
Statement of Receipts and Disbursements	D

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Exhibit "A"

**First Report of
A. John Page & Associates Inc.
Court Appointed Receiver of Bayside Mall Limited
Dated January 28, 2013**

Initial Order

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.) WEDNESDAY, THE 5th DAY
)
JUSTICE WILTON-SIEGEL) OF DECEMBER, 2012

ICICI BANK CANADA

Applicant

- and -

BAYSIDE MALL 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 Bayside Mall 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 affidavits of Lionel Meunier sworn November 16 and December 4, 2012 and the Exhibits thereto and on hearing the submissions of counsel for the Applicant, the Debtor and SAMAK Management & Construction Inc. ("**SAMAK**"), on reading the consent of A. John Page & Associates Inc. to act as the Receiver and on

reading the proposed transition agreement dated December 5, 2012 to be executed by the Receiver and SAMAK,

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, acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the "**Property**"), with such appointment being effective as of 10:00 a.m. on December 5, 2012.

RECEIVER'S POWERS

3. 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 any party related to 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) 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

4. 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.

5. 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.

6. 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 OR PROPERTY MANAGER

7. 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 or its property manager except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

8. 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

9. 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

10. 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

11. THIS COURT ORDERS that all Persons having oral or written agreements with: (i) the Debtor; or (ii) SAMAK in respect of the Property; 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 and/or SAMAK 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

12. 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

13. 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

14. 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

15. 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

16. 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

17. 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.

18. 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.

19. 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

20. 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 \$750,000 (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.

21. 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.

22. 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.

23. 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

24. 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.

25. 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

26. 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.

27. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

28. 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.

29. 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.

30. 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.

31. 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.

32. THIS COURT ORDERS that the first report of the Receiver shall be served on counsel for the Debtor and counsel for SAMAK by no later than January 28, 2013, and that there shall be a motion in connection with such report scheduled for a date no later than 10 days following service.



W. Van-Holtz

THIS IS TO CERTIFY THAT THIS DOCUMENT, EACH PAGE OF WHICH IS STAMPED WITH THE SEAL OF THE SUPERIOR COURT OF JUSTICE AT TORONTO, IS A TRUE COPY OF THE DOCUMENT ON FILE IN THIS OFFICE.

LA PRÉSENT ATTEST QUE CE DOCUMENT, DONT CHACUNE DES PAGES EST REVERTE DU SCEAU DE LA COUR SUPÉRIEURE DE JUSTICE A TORONTO, EST UNE COPIE CONFORME DU DOCUMENT CONSERVÉ DANS CE BUREAU.

DATED AT TORONTO THIS 5th DAY OF Dec 20 12
FAIT À TORONTO LE 5 JOUR DE Dec 20 12

[Signature]
REGISTRAR GREFFIER

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

DEC 05 2012
MB

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 Bayside Mall 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 -

BAYSIDE MALL LIMITED
Respondent

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

(PROCEEDING COMMENCED AT TORONTO)

ORDER

(appointing Receiver)

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

Tel: (905) 773-7700

Fax: (905) 773-7666

Email: heath@whiteleylitigation.com

310 Stouffville Road
Richmond Hill, Ontario
L4E 3P4

Lawyer for the Applicant



Exhibit "B"

**First Report of
A. John Page & Associates Inc.
Court Appointed Receiver of Bayside Mall Limited
Dated January 28, 2013**

Management Agreement



Larlyn
PROPERTY MANAGEMENT LTD.
PARTNERS IN MANAGEMENT SOLUTIONS

*Family Owned and Operated Since 1975.
A Legacy of Integrity, Trust and Care.*



December 11, 2010

Email: ajpage@ajohnpage.com

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

Dear Mr. Page:

**RE: MANAGEMENT AGREEMENT
Bayside Centre
150 – 202 Christina Street North, Sarnia, Ontario**

Please find enclosed for your records a copy of the fully executed Management Agreement for the subject property.

I would like to thank you for your confidence in appointing Larlyn Property Management Ltd. to act as your agent and we look forward to a long and mutually beneficial relationship.

Should you have any questions regarding the attached please do not hesitate in giving me a call. Until then I remain,

Sincerely yours,

LARLYN PROPERTY MANAGEMENT LTD.

Michael R. Holmes, MBA, CPM, RCM, CMOC, ARM, ACCI
President & COO

/ejp
encl.

copy: Brenda Anderson
Jackie Costello
Jeff Worotny
Karen Jackson
Lisa Medeiros



Larlyn

PROPERTY MANAGEMENT LTD.

PARTNERS IN MANAGEMENT SOLUTIONS

MANAGEMENT AGREEMENT

A. JOHN PAGE & ASSOCIATES INC.

Receiver of Bayside Mall

150 Christina Street North

Sarnia, Ontario

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MANAGEMENT AGREEMENT

THIS AGREEMENT made the 5th day of December, 2012.

BETWEEN:

**A. JOHN PAGE & ASSOCIATES INC., solely in its capacity as Court appointed RECEIVER OF
BAYSIDE MALL LIMITED**

(hereinafter called the "Receiver")

OF THE FIRST PART

-and-

LARLYN PROPERTY MANAGEMENT LTD.

(hereinafter called the "Manager")

OF THE SECOND PART

WHEREAS A. John Page & Associates Inc. was appointed Receiver of Bayside Mall Limited ("Bayside") by order of the Honourable Mr. Justice Wilton- Siegel dated December 5, 2012. Bayside is the owner of the building and premises municipally known as Bayside Mall and located at 150 Christina Street North, Sarnia, Ontario with related facilities including, without limitation, garages and parking area, hereinafter referred to as the "Property";

AND WHEREAS the Receiver wishes to retain the Manager to manage the Property and the assets of the Property and the Manager agrees to do so, in accordance with the terms and conditions of this Agreement;

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the promises and the mutual covenants and agreements herein contained and other valuable consideration, the Receiver appoint the Manager and the Manager hereby accepts appointment as the exclusive Manager of the Property and the Assets of the Property on the terms and conditions hereinafter set forth;

I. APPOINTMENT

The Receiver engages, on an exclusive basis, the Manager to operate and manage the Property.

II. ACCEPTANCE

The Manager accepts the engagement and agrees to and with the Receiver to operate and manage the Property under the ultimate supervision of the Receiver and in accordance with the policies and directions from time to time established by the Receiver in writing.

III. TERM

The Receiver hereby appoints the Manager subject to overall control of the Receiver and to the specific provisions hereof, to manage the property commencing on the 5th day of December, 2012 until the 4th day of December, 2013 and thereafter this agreement shall continue in full force and effect from year to year, unless terminated in accordance with the provisions of paragraph XVI.

IV. MANAGEMENT SERVICES

The Manager shall use its best efforts to assist the Receiver of the Property in the management, supervision, control and administration of the Property and of the assets of the Property. The Manager will, at all times, follow the direction of the Receiver and endeavour to act in the best interests of the Property. The Manager shall conduct its duties consistent with federal, provincial and municipal laws and regulations as they pertain to the operation of the Property.

Without limiting the generality of the above, the Manager shall perform, in particular, the following specific duties, subject to the direction of the Receiver:

(a) **Property Funds**

Collect and receive for the Property all monies payable pursuant to the leases of the Tenants of the units in the Property (hereinafter referred to as the "Tenants") or others and to deposit the same forthwith in a bank account to be opened with an institution and maintained by the Manager in the name of the Receiver ("the Account"). A. John Page of the Office of the Receiver shall be authorized to sign any cheques as sole signatory without restriction. The Manager shall designate signing officer(s) in accordance with its normal business practices who may sign properly authorised cheques raised on the Account except that all cheques in excess of \$20,000 must be countersigned by A. John Page. The Receiver herewith agrees to have withheld from monthly Receiver distributions (which are to be paid by the 13th business day following the start of each month) \$5,000 to be credited to the property account as a reserve fund and to be used for ongoing expenses in the course of the Manager assuming the management of the Property. All such monies shall thereafter be held by the Manager and be used as follows:

i) **Disbursements**

To make payments of all accounts properly incurred by or on behalf of the Property. In the event that at any time anticipated disbursements shall be in excess of anticipated receipts, the Receiver hereby agree to pay such excess promptly upon notice from the Manager; and during any period when expenses exceed receipts, the rents and revenue received shall be applied in the following priorities:

1. Manager's fees, commissions and disbursements;

2. Wages of operating and maintenance staff;
3. Utilities and fuel accounts;
4. Accounts for maintenance and repairs;
5. Municipal taxes;

ii) Insurance

To arrange for the insurance required by the Property in accordance with the amounts of such insurance to be as directed by the Receiver. Refer to section XIV herein;

iii) General Maintenance & Repairs

To repair and maintain or cause to be so repaired and maintained, those parts of the property and assets of the Property which require repair and maintenance and without limiting the generality of the foregoing, to arrange for (subject to subparagraphs (l and m) herein below) the supply as may be required of electricity, water and other services and to arrange through use of Property employees and/or independent contractors as in each instance may seem the most desirable for the effective and economical operation, maintenance and repair of the Property and its equipment so as to comply with the regulations and requirements of which the Manager is notified by the local Health, Police and Fire Departments and any other Municipal, Provincial and Federal authorities having jurisdiction which affect the Property, and without limiting the generality of the foregoing, such arrangements shall include where applicable to the Property, and subject to subparagraph (g) below to maintain such staff on behalf of and at the expense of the Property as may be required at all times promptly and efficiently to carry out the foregoing, and any other requirements and instructions of the Receiver of the Property.

iv) Leasing

The Manager hereby agrees to negotiate the renewal of existing leases and to advertise and acquire new tenants for all premises in the Property which may become vacant during the currency of this Agreement. All work in this connection will be subject to a leasing commission as set out in paragraph (VIII) herein.

(b) Maintenance of Property

To establish a long-term preventive maintenance program in consultation with the Receiver relating to all aspects of the physical components of the Property, including the mechanical, electrical and plumbing systems and to prepare for the Receiver approval general maintenance procedures and schedules to be followed by the on-site employees of the Manager and any employees or agents of the Property.

(c) **Evictions and Legal Proceeding**

In operating and managing the Property on behalf of the Receiver, the Manager hereby agrees, with the prior written agreement of the Receiver:

- i. to evict tenants, and to recover possession of premises occupied by them;
- ii. to commence any action or other legal proceeding or take legal remedies available for the recovering of any owing and unpaid rent, settle, compromise or discontinue any such proceeding or reinstate such tenancies. In the event that legal assistance is needed in connection with the management of the Property, including but not limited to the collection of rent, the enforcement of leases, the eviction of tenants, and pursuit of tax or insurance claims, the cost of such legal assistance, including that of counsel, court costs, investigation costs, and appeal costs shall be borne by the Receiver;

(d) **Insurance Claims**

With the prior written agreement of the Receiver to negotiate all insurance policies and arrange for any appraisals in connection therewith which may be required by the Receiver, and to supervise insurance or other claims by or against the Property and to see that the rights of the Property in respect to such claims are protected including the filing of notices of claim but not including the adjusting of any loss. Specific project tracking or supervision of large insurance claims which results in additional time, labour and material required by the Manager, shall be billed to the Receiver and paid by the Property as a Common Expense as additional charges in excess of the terms as specified in the Management Agreement.

(e) **Inadequate Performance by Contractors**

To use reasonable diligence to ensure that contracts and agreements between the Receiver and any supplier or service personnel are performed in accordance with their terms and to inform the Receiver in the event performance is considered by the Manager to be inadequate or contrary to the agreed terms and where services are properly performed and/or materials provided in accordance with the contract, to arrange for prompt payment of trade invoices.

(f) **Construction Liens**

To use its best efforts to ensure that no claim or lien shall be filed in respect of any work which may be carried out on behalf of the Receiver against the title to the Property and if a claim or lien shall be filed in respect of such work the Manager shall on prior written notice to the Receiver forthwith take all necessary steps, at the cost of the Receiver, to have the same removed and discharged.

(g) **Employees**

On the basis of the budget adopted by the Receiver, the Manager shall advertise for,

recruit, interview, investigate, evaluate and negotiate agreements with, supervise and discharge all necessary personnel required including union negotiations to properly maintain the Property, including without limitation, administration, supervision, security, repair and cleaning unless such functions have been contracted with independent contractors.

All such on-site personnel shall be employees of the Manager and such personnel shall be supervised by the Manager and all policies and procedures of the Manager including but not limited to sick leave, education funding or bereavement shall apply to all such employees. All salaries, taxes, Worker's Compensation insurance, criminal and credit checks, severance and termination pay, and other expenses set up in the best interest of the Manager and the Receiver and payable on account of such employees shall constitute common expenses of the Property and not expenses of the Manager. It is understood hereto that the Manager shall pay the employees through Manager funds at gross wages plus administration costs as established by the Manager to cover these costs.

At the option of the Manager, provide to the employees of the Property the employment benefits as are provided by the Manager for other Property employees and bill the Property for the cost of such benefits and any applicable taxes. It is understood and agreed by the parties hereto that employee benefits of the Manager may be a fixed percentage of gross wages plus administration costs paid by the Property as established by the Manager to cover these costs.

The Receiver, during the term of this Agreement and for two (2) years after the termination hereof, will not engage or contract directly or indirectly with any present or past employee of the Manager, to perform services the same as or similar to the services the employee performed for the Manager unless agreed to in writing by the Manager.

(h) **Employee Records**

To execute and file all returns and other instruments, and to do and perform all acts required of the Manager as an employer of on-site personnel in respect of employment insurance contributions and deductions, Canada Pension Plan contributions or payments required under any social, labour or tax legislation in force from time to time and in connection therewith the Receiver agree, upon request, to execute and deliver promptly to the Manager any necessary powers of attorney, notices of appointment and like approvals or directions.

(i) **Supervision of Employees**

To direct and periodically supervise any and all persons employed pursuant to this Agreement, for the operation and maintenance of any equipment in existence or which might be in existence and which the Receiver desire or is obliged to operate and maintain, and arrange and be responsible for any technical instructions of personnel employed at the Property which may be required for the proper operation and maintenance of such equipment.

In an effort to have all site employees maintain a neat and tidy appearance, the Receiver agree to implement the work clothes policy of the Manager and to have the Property pay all associated costs related thereto, including the cost of the work clothes and any repair and cleaning allowances.

(j) **Supervision of Tenants**

To supervise and regulate the conduct of the various tenants of the Property and the use of common areas of the Property available to the public and the tenants in accordance with the provisions of all applicable leases;

(k) **Maintenance Schedule**

Duly approved by the Receiver, to arrange for the preparation of such work as may be necessary to direct on a regular basis the activities of all persons employed to work at the Property and to provide such supervision as may be reasonably necessary. To prepare and provide to the Receiver when requested, a job description for on-site building staff and cleaners, specifying the frequency of performance of major responsibilities: to provide the necessary supervision of these employees and tradesmen required from time to time on the Receiver site, it being understood that these employees and tradesmen will take their direction only from the Manager's authorized personnel.

(l) **Contracts**

With the prior written agreement of the Receiver, to make contracts either directly or in the name of the Receiver for electricity, gas fuel, water, elevator maintenance, heating, air-conditioning, lighting, landscaping, telephone, general cleaning, window cleaning, trash or rubbish hauling and other services as the Manager shall deem advisable; and in the event of contracts entered into directly by the Manager, the Receiver agrees to assume the obligations of any such contracts at the termination of this Agreement.

(m) **Long-Term Contracts**

To supply, at the Receiver's request, copies of all current contracts and agreements which obligate the Receiver for terms greater than twelve (12) months. The Manager shall advise the Receiver of the necessity of renewal or cancellation of the foregoing, with such notice that the Receiver may approve of or terminate such contracts and agreements so as to provide uninterrupted service to the Property. The Manager having received approval from the Receiver shall act as the agent of the Property in entering into such term contracts or agreements.

(n) **Inspection Schedule**

To prepare, specify and present a schedule duly approved by the Receiver and to arrange for the preparation of such work as may be necessary to direct on a regular

basis the activities of all persons employed to work at the Property and to conduct an inspection at least once a month of the Property.

(o) **General Authority**

Subject to approval of the Receiver either for specific contracts and agreements or generally for certain classes of contract or agreements, generally to do and perform and where desirable contract as agent for and in the name of the Property for all things desirable or necessary for the proper and efficient management of the Property (including the giving of proper attention to any complaints and endeavouring as far as is economical to reduce waste) and to perform every other act whatsoever in or about the Property to carry out the intent of this Agreement provided, however, that the Manager shall not authorize any work, repairs, alterations or maintenance estimated to cost in excess of \$5,000.00 for any one item, other than CAM charges (where the limit shall be \$10,000), without first obtaining the Receiver's approval to proceed with such work except for monthly or recurring operating charges, and provided further that in the case of any work, repairs, alterations or maintenance estimated to cost in excess of \$5,000.00, other than CAM charges (where the limit shall be \$10,000), the Manager shall obtain the prior approval of the Receiver. The Receiver shall provide its approval or other direction to the Manager within seven (7) days of receipt of the Manager's request for approval. If in its opinion there exists a hazardous situation which could cause personal injury or damage to the Property of the Receiver or its equipment or contents or which could impair the value of the Receiver's investment or which could cause the suspension of any service to the Receiver at a time when the Receiver or its representatives cannot be reasonably located for the purpose of giving approval for such work, or if failure to do such work might expose either the Receiver or the Manager or both to the imposition of penalties, fines, imprisonment or any other substantial liability, then the Manager is hereby authorized to proceed with such work as in its sole and absolute discretion it reasonably determines to be urgently necessary for the protection and preservation of the Property or its equipment or contents or the Receiver's investment therein or to protect the Receiver or the Manager from exposure to fines, penalties, imprisonment or any other substantial liability subject, however, in each and every instance to the Act. The Manager shall in the case of a hazardous situation report to the Receiver as soon as possible. To this end the Receiver hereby authorizes the Manager, its servants or agents or employees to enter any unit with or without the consent of the Tenants to effect such necessary work which, in its sole and absolute discretion, acting reasonably, it determines to be urgently necessary for the protection and preservation of the Property or its equipment or contents or the Receiver's investment therein or to protect the Receiver or the Manager from exposure to fines, penalties, imprisonment or any other substantial liability.

(p) **Materials, Equipment and Supplies**

To purchase, subject to (o) above and on behalf of the Property such equipment, tools, appliances, materials and supplies as are necessary for the proper operation and maintenance of the Property. All such purchases and contracts shall be at the expense of the Property.

(q) **Inventory**

To maintain as accurately as possible a list of all inventory, equipment and chattels of the Property as part of the Property's records.

(r) **Emergency Situations**

The Manager will at all times keep the Receiver advised of the telephone number(s) at which an agent or employee of the Manager may be reached at any time during normal business hours, or at any time during the day or night in respect of any emergency involving the Property and assets of the Property, and the Manager will make all arrangements to deal immediately with any emergency arising in connection with the maintenance and operation of the Property and assets of the Property. The Manager shall deal in the first instance with minor emergencies and infractions and shall forthwith report to the Receiver any major emergency. It is understood and agreed by the parties hereto that the Manager shall in its discretion determine whether or not an emergency exists and whether or not such emergency is of a minor or major nature.

(s) **Fire and Safety**

To record and put into practice a formal fire and safety plan, the costs of which shall be borne by the Property, which shall at minimum include:

- i) compliance with the Provincial and Federal Fire Codes;
- ii) identification of all residents requiring assistance in the event of an emergency;
- iii) identification and elimination on a planned basis of hazards to safety.

(t) **Management Office**

The Receiver shall provide, if deemed necessary by both the Manager and the Receiver, adequate space within the premises for a management office and shall pay all expenses related to such office, including, but not limited to, furnishings, equipment, postage and office supplies, electricity and other utilities, and telephone, all which constitute property expenses.

(u) **Signing Authority**

The Receiver is to sign, after receiving the recommendation of the Manager, Offers and Agreements to Lease, Leases, Amendments to Leases and other contracts and documents in connection with the commercial leasing of premises forming part of the Property.

(v) **Management Signage**

The Receiver hereby authorizes the Manager to erect a sign on the Property indicating that the Manager is authorized to operate and manage the Property.

V. **ADMINISTRATIVE SERVICES**

The Manager agrees that during the term of this Agreement, it will provide all management services required in connection with the entire undertaking of the Receiver as may be necessary in the performance of its duties provided, however, that the Manager shall not be responsible for the duties of the Receiver. Without limiting the generality of the foregoing, the Manager shall perform the following specific duties:

(a) **Books and Records of the Receiver**

To keep the Receiver's books of account and retain full and proper records regarding all financial transactions involved in the management of the Property and forward to the Receiver each month a statement of receipts and disbursements summarizing the transactions made during the preceding month and as more particularly described in paragraph (c) herein below. All books and records kept in relation to the management of the Property shall be the property of the Receiver and upon termination of this Agreement shall be forthwith surrendered to the Receiver or to a representative of the Receiver, designated in writing. Any time during the term of this Agreement and any renewal period, the said books of account and records shall be accessible to the Receiver who shall have access at all reasonable times during business hours upon forty-eight (48) hours written notice to inspect and examine the same. Until termination of the managerial function, the Receiver' books and records of accounts shall be physically kept with the Manager.

(b) **Annual and Initial Budget**

To prepare and present to the Receiver at least forty-five (45) days before the commencement of each fiscal year during the term of this Agreement an estimated budget in writing for the following year and for the approval of the Receiver. The Receiver shall in writing approve the budget with any reasonable amendments thereto within 30 days of receipt thereof; and if the Receiver fails to approve or amend the budget within the time specified the budget shall be deemed to have been approved by the Receiver. The Manager shall not require further approval to pay any operating, capital or other expense which is provided for in the approved budget. The Manager shall consult with the Receiver whenever it appears desirable or necessary to revise the budget.

An initial draft budget shall be prepared and submitted to the Receiver within ninety (90) days from the commencement date if one is not already existing.

(c) **Financial Reporting**

1. To provide the Receiver with monthly and year-to-date itemized unaudited

financial statements showing:

- i) Property income and expenses;
 - ii) Dollar amount of each disbursement as compared with budget expenses by budget categories;
 - iii) The unit numbers and names of the Tenants of the Property who are delinquent in payment of their required contribution to rent and the amount of each delinquency;
 - iv) The name and amounts of other delinquent accounts;
 - v) Particulars of accounts, term deposits, securities and any other instruments respecting investment income and other assets and liabilities of the Property in accordance with good accounting principles as at the date of the financial statement.
2. All accounting and financial reporting which is required under the terms of this Agreement to be provided by the Manager to the Receiver and shall be provided by the thirteenth (13th) business day of each month for the month preceding.
 3. The Manager if requested by the Receiver may provide special reports, subject to a separate fee agreed to at the time of the Receiver's directions.

(d) **Access to Books and Records**

To use its best efforts to properly maintain the records of the Property and to make available at reasonable times during business hours upon forty-eight (48) hours written notice whenever requested to the Receiver, its auditors and other designated representatives all books and records pertaining to the operation of the Property.

(e) **Collection of Accounts Receivable Including Common Expenses**

The Manager, without limiting its covenants as hereinbefore contained shall, actively pursue the collection of outstanding rental and common expense payments from tenants respectively at all times and with a view to reducing these receivables to the lowest minimum monthly balance and without incurring additional cost, save in those instances where legal action is required.

(f) **Approval of Invoices**

To make all disbursements properly incurred for and on behalf of the Property with the approval of the Receiver provided however that the approval of the Receiver shall not be required prior to payment by the Manager of any items of expense as to which the Manager has discretionary spending power pursuant to Article IV herein.

(g) **Preventive Maintenance**

Establish in conjunction with the Receiver and maintain a preventive maintenance program for all major mechanical and electrical equipment in accordance with the recommendations of the manufacturers or suppliers thereof. The Receiver, where possible, shall make available to the Manager all working drawings, as-built blueprints, maintenance and operating manuals for mechanical and electrical systems.

(h) **Manager's Report**

Present to the Receiver in writing each month a Manager's Report, to serve as a written form of communication from the Manager to the Receiver. This Manager's Report shall reflect the directives of the Receiver to the Manager and shall cause to show the actions of the Manager with respect to those directives of the Receiver.

(i) **Fidelity Bond**

The Manager shall obtain and maintain a Fidelity Bond for and in respect of any of the Manager's or the Property's employees or representatives dealing in any manner whatsoever with the trust accounts or monies of the Property in an amount of not less than \$250,000.00 per occurrence at the cost of the Property. The Fidelity Bond shall not be terminable by either the insurer or the Manager unless sufficient prior notice of cancellation has been personally delivered to the Receiver.

(j) **Errors and Omissions Coverage**

The Manager, shall obtain and maintain Errors and Omissions coverage in an amount of not less than \$1,000,000.00. The Errors and Omissions coverage shall not be terminable by either the insurer or the Manager unless sufficient prior notice of cancellation has been personally delivered to the Receiver.

(k) **Filing of Returns**

To execute and file all tax and other returns (excluding income tax) required under the applicable federal, provincial, and local laws, regulations, and/or ordinances governing employment, and all other statements and reports pertaining to labour employed in connection with the Property where directed by the Receiver in writing. In connection with such filing, the Receiver shall upon request promptly execute and deliver to the Manager all necessary powers of attorney, notices of appointment and the like. The Manager agrees to file HST returns on behalf of the Receiver, if so directed by the Receiver in writing. The Receiver agrees to contact the HST office to provide the Manager's name and address as the new contact as well as provide the Manager with its HST number. The Receiver shall be responsible for all amounts required to be paid under the foregoing laws, and the Manager shall pay the same from the property account when funds are sufficient.

VI. EMPLOYMENT OF CONTRACTORS

The Manager may contract on behalf of the Property with any person, firm or Property to perform any work or services for the Property within the scope of the Manager's duties under this Agreement subject however to the following provisions:

(a) **Approval of the Receiver**

Any contract to perform work or services entered into by the Manager shall, unless otherwise instructed by the Receiver, be for reasonable consideration usual in the industry and be budgeted for by the Property, save and except for printing, photocopying, long distance telephone charges and related disbursements for the Manager for which the Manager shall be reimbursed by the Property.

(b) **Spending Restrictions**

Where the cost of performing such work or services exceeds the sum of \$5,000.00 (other than CAM charges where the limit shall be \$10,000) the Manager shall submit at least two written tenders for presentation to the Receiver and shall obtain the approval of the Receiver prior to entering into the contract or as defined by Section XV, Subsection ii.

(c) **Filing of Returns**

In connection with all contracts to perform work or services entered into by the Manager, it shall execute and file necessary documents and do and perform all acts required under the laws of any Federal, Provincial, Municipal or other paramount governmental body or authority.

VII. ACCESS TO UNITS

Subject to the relevant provisions of the Agreement, the Manager and its agents, servants and employees may enter a unit in order to perform its duties hereunder, provided always that the Manager shall give reasonable notice to the Tenant of its intention to enter the unit, save only in the case of an emergency or extended absences in which case prior notice shall not be required.

VIII. MANAGER'S COMPENSATION

(a) **Management Fee**

The Receiver shall pay to the Manager monthly, on the first day of each and every month, for its managerial services hereunder during the term of this agreement a fee equal to the sum 4% of gross monthly income per month, from the 5th day of December, 2012. Said fee shall not include applicable taxes, legal and audit expenses or liability and insurance premiums. Payments due to the Manager for periods of less than a calendar month shall be prorated over the number of days for which compensation is due.

The term "gross income" shall be deemed to include all rents and other income and

charges from the normal operation of the Property, including, but not limited to, rent, parking fees, laundry income and other miscellaneous income. Gross income shall NOT be deemed to include income arising out of the sale of real property or the settlement of fire or other casualty losses and items of a similar nature.

(b) Disbursements

The Receiver shall reimburse the Manager for all reasonably incurred costs, including, but not limited to mailing, record retention, bank charges, photocopying, record storage, NSF charges, long distance telephone calls, unit charge-backs and like items. All expenses shall be common expenses of the Property.

(c) Initial Services

The initial services of the Manager in collecting data, contacting tenants, and generally stabilizing income and expense and providing the initial budget of projected income and expense, shall be payable on a time for service basis at the rate of \$75.00 per hour but not to exceed \$4,000.00. The Manager is to secure such qualified employees to provide such budget. In addition, the Receiver agrees to reimburse the Manager for travelling expenses calculated at current market rates which the Manager may incur on the performance of its duties as set out herein.

(d) Modernization/Rehabilitation/Construction

The Manager and the Receiver will agree at the time a fee for supervision and coordination of modernization, rehabilitation and construction capital expenditures which exceed \$10,000 individually. Capital expenditures include restoration, fire restoration, rehabilitation, modernization, construction of improvements or leaseholds or any major construction work. All such capital expenditures will be approved in advance by the Receiver or through the budget.

(e) Commercial Leasing Commission

For Commercial Leasing and Commercial Lease Renewal Commission: Leasing fees to Larlyn Property Management will be \$0.20 p.s.f. per year to a maximum of 5 years where there is no cooperating broker involved. Where there is a co-operating broker involved, Larlyn Property Management Ltd. will receive \$0.10 psf per year to a maximum of 5 years. This will apply to both new deals and renewals and is subject to change to coincide with market rates as agreed upon between the Receiver and Manager.

(f) Legal

The Receiver shall pay reasonable expenses incurred by the Manager in obtaining legal advice regarding compliance with any law affecting the Premises or activities related to them. If such expenditure also benefits others for whom the Manager in this Agreement acts in a similar capacity, the Receiver agrees to pay an apportioned amount of such expenses. In preparation of the new lease document or lease renewal

documentation, the Manager shall be entitled to a \$500.00 lease and administration fee. Such expenses not to exceed \$1,000 without the prior written approval of the Receiver.

(g) Extraordinary Tasks

If the Manager is required by any governmental authority to perform extraordinary tasks such as Rent Registries or other work due to changes in legislation or if the Manager applies to a Rent Review Board or agency on behalf of the Receiver, or if the Manager is required to complete and submit reports over and above the agreed upon monthly reporting package, or if the Manager appears in a Court of Law, or before any other tribunal, board, or governing authority in relation to the management of the Property, or on behalf of the Receiver, the Manager shall be entitled to a fee of \$75.00 per hour over and above the earned management fee. Provided that the Manager may contract on behalf of the Receiver to have others complete this work at prevailing industry or professional rates at the Receiver expense with the prior written approval of the Receiver.

(h) Transition Fee
[deleted, repeat of (C)]

(i) Tax Appeals

For tax appeals: Manager and Receiver to attempt to negotiate an agreement for the handling of tax appeals.

Interest on Unpaid Sums: Any sums due to the Manager under any provision of this agreement, and not paid within ten (10) days after such sums have become due, shall bear interest at the Bank of Canada rate of prime plus three percent (3%) per annum.

The Manager shall be entitled to draw all monthly amounts due to it from the Bank Account held by the Manager and approval of the Receiver shall not be required.

Notwithstanding any other provision of this Agreement to the contrary in addition to the Manager's compensation, the Property shall pay to the Manager an amount equal to any and all applicable sales taxes imposed upon the Manager. The amount of such applicable taxes so payable by the Property shall be calculated by the Manager in accordance with the applicable legislation and shall be paid to the Manager at the same time as the amounts to which applicable taxes apply.

IX. PLANS AND SPECIFICATIONS

Any plans, drawings, specifications and architectural or engineering assistance which may be necessary or desirable to enable the Manager to discharge its duties pursuant to this Agreement, shall be provided at the expense of the Property provided, however, that the Receiver or its designated representatives from time to time shall authorize the retaining of any such assistance before any expense is incurred therefore.

X PROPERTY STANDARDS

The Manager does not assume and is given no responsibility for compliance of the Property or any building(s) therein or any equipment therein with the requirements of any building codes or with any statute, ordinances, laws or regulations of any government body or of any public authority or official thereof having jurisdiction, except to notify the Receiver promptly or forward to Receiver promptly any complaints, warnings, notices, or summonses received by the Manager relating to such matters. The Receiver does not have complete knowledge in this regards but is aware of certain possible issues that are to be investigated by the Receiver and the Manager, particularly relating to the parking garage. The Receiver authorizes the Manager to disclose the Receivership of the Property to any such officials. In the event that any governmental agency, authority, or department should order the repair, alteration or removal of any structure or matter in the Property, and if, after written notice of the same has been given to the Receiver by such body or by the Manager, the Receiver fails to authorize the Manager or others to make such repairs, alterations or removal, or fails to put the Manager in funds to do so, the Manager shall be released from any responsibility in connection therewith and the Receiver shall be answerable to such body for any and all penalties and fines whatsoever imposed because of such failures on the Receiver's part.

XI. RECEIVER COOPERATION

The Receiver agrees to cooperate with the Manager to the extent required to perform expeditiously, efficiently and economically the management services required under this Agreement, and to provide such evidence of authority by way of certified resolution or otherwise and such specific directions as the Manager may reasonably require.

XII. LIAISON OFFICERS

The Receiver shall advise the Manager in writing from time to time as required of the names of those officers, directors or other representatives who are authorized to act for and on behalf of the Property to enable the Manager to consult with the Receiver or obtain the Receiver's approval before proceeding with any work, act, or actions. The Receiver shall designate a single individual who shall be authorized to deal with the Manager on any matter relating to the management of the Property. The Manager is directed not to accept directions or instructions with regard to the management of the Property from anyone else.

If the Receiver is a corporate entity, it shall furnish to the Manager upon the execution of this Agreement a list showing the names, addresses and telephone numbers of those officers, directors and other representatives who are authorized to act for and on behalf of the Receiver whenever required under the terms of this Agreement to consult with or obtain approval from before proceeding with any work, act or actions when so required under the terms of this Agreement.

XIII. INDEMNIFICATION

[deleted]

XIV. COMPREHENSIVE LIABILITY INSURANCE

The Receiver agrees to take out or authorize the Manager to arrange for property, public liability and comprehensive liability insurance adequate to protect the interests of the parties hereto, which policies shall be written so as to protect the manager in the same manner and to the same extent that they protect the Receiver. The Receiver further agrees that the Manager shall be named as an insured party along with the Receiver as their interest may appear in each such policy or policies which shall provide protection against any claims for personal injury, death or property damage or loss for which either the Receiver or the Manager might be held liable as a result of their respective obligations, and the Receiver further agrees such policies of insurance shall contain a provision whereby the insurer waives its rights of subrogation against the Manager, its Directors, Officers and Employees and those for whom the Manager is at law responsible and, if so requested, to provide the Manager with a Certificate of Insurance in respect of any such policy which shall include an undertaking that the Insurer will provide the Manager with at least ten (10) days prior written notice of cancellation or any material change in the provisions of any such policy.

The Receiver shall carry, at its expense, insurance in respect of fire and all other perils, which insurance shall include the Manager as named insured and shall protect the Manager in respect of claims as if the Manager was separately insured, and the Receiver shall provide the Manager with certificates or copies of policies evidencing such insurance coverage.

Notwithstanding anything to the contrary herein contained, under no circumstances shall the Manager be liable to the Property for the value, cost or amount of any loss or damages to the Property or any contents against which the Property is insured and thereby entitled to indemnification from its insurer.

XV. MISCELLANEOUS

(i) Deficit Financing and Payment Costs

Unless the Receiver has specifically authorized such procedure, under no circumstances shall the Manager advance funds to the Property on a temporary loan basis whether interest is charged to the Property or not in the event of a cash deficit occurring in the Property's current expense account; the Manager shall notify the Receiver of any anticipated cash deficit and the Receiver shall take immediate steps to obtain the necessary funds to cover any such deficit. In the event the Manager chooses to advance its own funds for such purposes, and the Receiver agrees to same, the Receiver shall, forthwith on demand, pay to the Manager the amount paid by the Manager on behalf of the Receiver with interest thereon at the prime rate of interest charged by The Royal Bank of Canada from time to time plus three percent (3%).

ii) Fiduciary Relationships

The Manager may engage any parent or subsidiary company or any person, firm or company associated, affiliated or otherwise connected with it (hereinafter call the "Affiliate") to perform any work or services for the Property within the scope of the Manager's duties under the provisions of this Agreement, without being in breach of any fiduciary relationship with the Property, subject to the following provisions:

- (a) Where the cost of performing such work or services does not exceed the sum of Two Thousand Five Hundred Dollars (\$2,500.00) (other than CAM charges where the limit shall be \$5,000) in respect to any one expense, the Manager shall be entitled to have such work or services performed by such Affiliate;
- (b) Where the costs of performing such work or services does exceed the sum of Two Thousand Five Hundred Dollars (\$2,500.00) (other than CAM charges where the limit shall be \$5,000) in respect to any one expense, the Manager shall either first obtain the approval of the Receiver or obtain two written tenders from parties other than such Affiliate and have the work performed by such Affiliate at a cost not exceeding the lower of the tenders unless the work by such Affiliate was already approved by the Receiver.

XVI. TERMINATION

- a. The Receiver or the Manager may terminate this Agreement for the following reasons and such termination shall take effect at the end of the month, not during the month.
 - 1) The Manager and the Receiver may terminate this Agreement without cause, upon giving sixty (60) days notice in writing to the other to such effect and such termination shall take effect at the end of the month, not during the month.
- ii) Upon termination of this Agreement:
 - 1) The Manager shall with a reasonable time, not to exceed sixty (60) days, thereafter pay over any balance in the Manager's trust account remaining to the credit of the Property (less any amounts necessary to satisfy commitments properly made by the Manager to others prior to the date of termination) and shall thereafter render a final accounting to the Receiver.
 - 2) The Manager shall surrender to the Property all contracts, records, files and other documents or other information which may be pertinent to the continuing operation of the property and the Property shall pay to the Manager any monies due to it as of the date of termination.
 - 3) Upon termination or withdrawal from this Agreement, the Receiver shall assume the obligations or any contract or outstanding bill executed by the Manager under this Agreement for and on behalf of the Receiver and responsibility for payment of all unpaid bills. In addition, the Receiver shall furnish the Manager with cash security, in an amount satisfactory to the Manager against any obligations or liabilities which the Manager may have properly incurred on the Receiver' behalf under this Agreement. The Receiver agrees to pay all invoices submitted for and approved that relate to the Property.
 - 4) After such termination and for the purpose of settling any dispute or defending any claim, the Receiver shall provide access to the Manager at all reasonable

times and upon reasonable notice access to all such contracts, records, files and other documents or information subsequent to the termination of this Agreement.

- 5) The Manager shall turn over all keys to the Property in its possession or in the possession of any of its employees. The Manager shall also turn over the possession of any area (such as management offices) located on the property under its control.
- 6) If it has not already done so the Receiver shall assume the obligation of any and all contracts which the Manager has properly made for the purpose of arranging the services to be provided pursuant to this Agreement.

XVII. NOTICE

Any notice, election, demand or request which may be, or which is required to be, given to any party hereto or to any other party hereto shall be in writing, and may be given by delivering the same personally to some responsible officer of the party to whom the same is to be given, or may be given by mailing the same by prepaid registered mail at their respective addresses as set out below, or such other respective addresses as the parties may from time to time designate by notice in writing given pursuant to this paragraph; and it is expressly agreed that any such notice, election, demand or request, if mailed as aforesaid, shall be deemed to have been received by the addressee at the addresses thereof on the third business day following the date when the same was delivered into the custody of one of Her Majesty's Post Offices, provided that in the event of a postal strike during a notice period then only personal delivery as set out herein shall satisfy the notice requirement. All notices given under or pursuant to this Agreement shall, if intended for the Receiver be addressed to:

A. John Page & Associates Inc.
100 Richmond St. West, Suite 447
Toronto, ON M5H 3K7
Attention: Colleen H. Delaney
Phone: 416 364 4894 Ext. 13
Fax: 416 364 4869
Email: chdelaney@ajohnpage.com with a copy to
ajpage@ajohnpage.com

and to the Manager at:

Larlyn Property Management Ltd.
540 Wharncliffe Road South, Suite 200
London, ON N6J 2N4
Attention: Michael Holmes
Telephone: (519) 690-0600 Ext. 3304
Facsimile: (519) 690-1352
Email: mrholmes@larlyn.com

~~XVIII. NON-RESIDENT RECEIVER [not applicable]~~

XIX. SUCCESSORS & ASSIGNS

This Agreement shall enure to the benefit of and be binding upon the respective successors and assigns of the parties hereto, provided that this Agreement may only be assigned with the express written consent of the corporation, such consent not to be unreasonably withheld. For the purposes of this section, a sale or disposition of the shares, business or assets of the Manager to another person or firm resulting in a change of control of the Manager shall not be deemed to be an assignment of this Agreement requiring the express written consent of the corporation.

XX. GENERAL

i) Severability

If any portion of this Agreement shall be for any reason declared invalid or unenforceable, the validity of any of the remaining portions of this Agreement shall not be thereby affected, and such remaining portions shall remain in full force and effect as if this Agreement had been executed with such invalid portion eliminated, and it is hereby declared the intention of the parties hereto that they would have executed the remaining portions of this Agreement that might be declared invalid.

ii) Relationship of Manager to Receiver

Notwithstanding anything herein, the relationship of the parties hereto shall be that of principal and agent, and all duties to be performed by the Manager under this Agreement shall be for and on behalf of the Property. In taking any action under this Agreement, the Manager shall be acting as agent for the Receiver, and nothing in this Agreement shall be construed as creating a partnership, joint venture, or any other relationship between the parties to this Agreement except that of principal and agent, or as requiring the Manager to bear any portion of losses arising out of or connected with the receivership or operation of the Property. Nor shall the Manager at any time during the period of this Agreement be considered a direct employee of the Property. Neither party shall have the power to bind or obligate the other except as expressly set forth in this Agreement, excepting that the Manager is authorized to act with such additional authority and power as may be necessary to carry out the spirit and intent of this Agreement.

iii) Time is of the Essence

Time shall be of the essence of this Agreement and no extension or variation of this Agreement shall operate as a waiver of this provision.

iv) Headings

Descriptive headings are inserted solely for convenience of reference. They do not

form a part of this Agreement and are not to be used in interpreting this Agreement.

v) Gender and Numbers

All references to the Receiver or the Manager or others under this Agreement shall be construed and adjusted for the applicable gender and number, regardless of the gender and number in which they are expressed.

vi) Covenants

All provisions of this Agreement creating obligations on any party hereto shall be deemed to be and shall be construed as covenants.

vii) Entire Agreement

This Agreement embodies the entire agreement of the parties with regards to the matters contained herein, and no other agreement shall be deemed to exist except as entered into in writing by both parties to this Agreement.

viii) Jurisdiction

This Agreement shall be interpreted, construed, administered and enforced exclusively in accordance with the laws in force from time to time in the Province in which the Property is situate.

ix) Validity

This Agreement will not be binding or enforceable unless signed by the President on behalf of the Manager.

IN WITNESS WHEREOF the parties hereto have hereunto affixed their respective corporate seals, attested by the hands of their respective officers duly authorized in that behalf this 5th day of December, 2012.

**A. JOHN PAGE & ASSOCIATES INC., solely in its capacity as Court
appointed RECEIVER OF BAYSIDE MALL LIMITED**

Per: _____

"I have authority to bind the Receiver"

**A. JOHN PAGE
PRESIDENT**

LARLYN PROPERTY MANAGEMENT LTD.

Per: _____

President - "I have authority to bind the Corporation"

Michael Holmes

President/coo



Exhibit "C"

**First Report of
A. John Page & Associates Inc.
Court Appointed Receiver of Bayside Mall Limited
Dated January 28, 2013**

Transition Agreement

TRANSITION AGREEMENT

THIS AGREEMENT made the 5th day of December, 2012.

BETWEEN:

A. JOHN PAGE & ASSOCIATES INC., solely in its capacity as Court appointed RECEIVER OF BAYSIDE MALL LIMITED

(hereinafter called the "Receiver")

OF THE FIRST PART

-and-

SAMAK MANAGEMENT & CONSTRUCTION INC.

(hereinafter called "SAMAK")

OF THE SECOND PART

WHEREAS A. John Page & Associates Inc. was appointed Receiver of Bayside Mall Limited ("Bayside") by order of the Honourable Mr. Justice Wilton-Siegel dated December 5, 2012 (the "Receivership Order"). Bayside is the owner of the building and premises municipally known as Bayside Mall and located at 150 Christina Street North, Samia, Ontario with related facilities including, without limitation, garages and parking area, hereinafter referred to as the "Property";

AND WHEREAS the Receiver wish to retain a new property manager, Larlyn Property Management Ltd. ("Larlyn"), to manage the Property and the assets of the Property;

AND WHEREAS the Receiver wishes to arrange for the orderly transition from the current property manager, SAMAK, and SAMAK agrees to an orderly transition in accordance with the terms and conditions of this Agreement;

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the promises and the mutual covenants and agreements herein contained and other valuable consideration, the Receiver and SAMAK agree as follows;

I. ON-SITE SAMAK EMPLOYEES

The Receiver agrees that Larlyn shall offer employment to those on-site employees listed in Schedule "A" hereto on the same terms and conditions as such employees have been engaged by SAMAK (the "Employment Offer").

For those employees that accept the Employment Offer (the "Accepting Employees"), the Receiver agrees that:

- (a) the Accepting Employees shall be paid their respective accrued and unpaid wages,

Inclusive of applicable benefit costs and source deductions; and

- (b) the Accepting Employees listed in Schedule "B" hereto shall be paid their respective vacation pay in the amount specified in Schedule "B" hereto;

to the date of the Receivership Order.

II. OFF-SITE SAMAK EMPLOYEES

The Receiver agrees that upon transfer of the hard and digital books and records of Bayside to the Receiver in the manner specified in paragraph III below, SAMAK shall be under no obligation to cooperate with or assist the Receiver and/or Laryn: (a) except on terms as to scope and compensation acceptable to SAMAK; or (b) as ordered otherwise by the Court.

III. BOOKS AND RECORDS

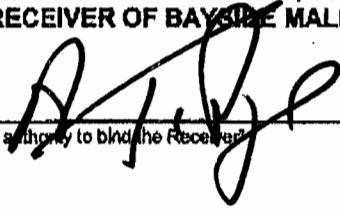
SAMAK represents and warrants that it has collected and sequestered the on-site books and records in respect of Bayside (the "Sequestered Books and Records"). SAMAK agrees that it shall forthwith turn over the Sequestered Books and Records to the Receiver and/or Laryn as the Receiver may direct on the condition that the Receiver shall bear the cost of: (a) transporting the Sequestered Books and Records to the location of the Receiver's choice; and (b) making a copy of all or any part of the Sequestered Books and Records as the Receiver deems necessary or advisable, and then returning the Sequestered Books and Record or copies thereof to Samak's head office.

SAMAK agrees that it shall forthwith: (a) make a digital copy of its Quickbook accounting records in respect of Bayside through and including to the date of the Receivership Order (the "Quickbook Records"); and (b) deliver a copy of the Quickbook Records to the Receiver. For greater certainty, SAMAK shall be under no obligation to turn over any computers or other equipment which are its property and not the property of Bayside.

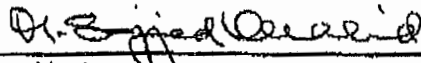
IN WITNESS WHEREOF the parties hereto have hereunto affixed their respective corporate seals, attested by the hands of their respective officers duly authorized in that behalf this 6th day of

December 2012.

A. JOHN PAGE & ASSOCIATES INC., solely in its capacity as Court appointed RECEIVER OF BAYSIDE MALL LIMITED

Per: 
"I have authority to bind the Receiver"

SAMAK MANAGEMENT & CONSTRUCTION INC.

Per: 
President - "I have authority to bind the Corporation"

Schedule "A"

On-Site Employee	Position
Dave A. McDonald	Security Guard
Kevin Deciantis	Security Guard
Donald W. Kerswell	General Manager/Part time
Eric Blackwell	Maintenance
Geoff McKerracher	Security Guard
Irene Miles	Cleaner
John Irvine	Maintenance
Lynda Marie Cox	Parking Booth Attendant
Marilyn Moddejonge	BookKeeper
Peter Walsh	Maintenance
Mel Smith	Janitor
Melissa Horkits	Receptionist
Raul Lima	Cleaner
Chloe Dennis	Security Guard

Schedule "B"

On-Site Employee	Number of Days	Amount
Peter Walsh	2	\$307.69
Irene Miles	5	\$410.00
Lynda Cox	5	\$410.00
Melissa Horkits	3	\$264.00
Raul Lima	2	\$176.00
John Irvine	1	\$116.00



Exhibit "D"

**First Report of
A. John Page & Associates Inc.
Court Appointed Receiver of Bayside Mall Limited
Dated January 28, 2013**

Statement of Receipts and Disbursements

Bayside - Statement of Receipts and Disbursements - ETD

05/12/2012 through 28/01/2013 (in Canadian Dollars) (Cash Basis)

28/01/2013

Page 1

Category Description	05/12/2012- 28/01/2013
INCOME	
Receiver's Certificate Borrowing	750,000.00
TOTAL INCOME	750,000.00
EXPENSES	
HST Input	8,838.24
Insurance	8,747.67
Legal Fees	6,894.50
Misc.	1,486.18
Receiver's Fees	59,620.75
Registration Fees	70.00
TOTAL EXPENSES	85,657.34
OVERALL TOTAL	664,342.66