

Court File No. CV-13-10065-00CL

**ONTARIO SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**IN THE MATTER OF AN APPLICATION UNDER PURSUANT TO SECTION 101 OF
THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, C. C.43, AS AMENDED (THE "CJA")
AND SECTION 243 OF THE *BANKRUPTCY AND INSOLVENCY ACT*,
R.S.C. 1985, C.B-3, AS AMENDED**

BETWEEN

**TREZ CAPITAL CORPORATION,
TREZ CAPITAL LIMITED PARTNERSHIP and
COMPUTERSHARE TRUST COMPANY OF CANADA**

Plaintiffs

-and-

1817983 ONTARIO LTD. AND CHRISTODOULOS CHRISTODOULOU

Defendants

**FIRST REPORT OF IRA SMITH TRUSTEE & RECEIVER INC.
IN ITS CAPACITY AS COURT-APPOINTED RECEIVER OF
1817983 ONTARIO LTD.**

DATED AUGUST 8, 2013

**FIRST REPORT OF IRA SMITH TRUSTEE & RECEIVER INC.
IN ITS CAPACITY AS COURT-APPOINTED RECEIVER OF
1817983 ONTARIO LTD.**

DATED AUGUST 8, 2013

Table of Contents

1.0 Introduction	1
1.1 Purpose of this Report	2
1.2 Disclaimer	3
2.0 Background and Overview.	3
3.0 Activities of the Receiver	4
3.1 Initial site visit	4
3.2 Retainer of Domus Student Housing Inc.	5
3.3 Pelican Woodcliff Inc.	6
3.4 Insurance	8
3.5 Building Condition and Capital Repairs	9
3.6 Cashflow and borrowings	10
3.7 Lack of books and records	11
3.8 Tenant Matters	13
4.0 Proposed Sales Process	15
5.0 Receiver's Statement of Receipts and Disbursements	17
6.0 Professional fees and disbursements	17
7.0 Other matters	18
8.0 Conclusion and recommendations	18

**FIRST REPORT OF IRA SMITH TRUSTEE & RECEIVER INC.
IN ITS CAPACITY AS COURT-APPOINTED RECEIVER OF
1817983 ONTARIO LTD.**

DATED AUGUST 8, 2013

Exhibits

Exhibit "A"	Order of The Honourable Mr. Justice Morawetz dated April 26, 2013
Exhibit "B"	Receiver's memo to file regarding its initial site visit
Exhibit "C"	Domus Student Housing Inc. property management agreement
Exhibit "D"	Email dated May 16, 2013 from Mr. B. Khan, Site Plan Coordinator, and Development Services for the City of Waterloo
Exhibit "E"	Bernhardt Insurance Service Ltd. confirmation of insurance coverage
Exhibit "F"	Private Appointment emails with Mr. C. Christodoulou
Exhibit "G"	Letter to Mr. C. Christodoulou dated April 29, 2013
Exhibit "H"	City Management & Appraisals (2006) Ltd. retainer letter
Exhibit "I"	Receiver's Statement of Receipts and Disbursements for the period April 26 to July 31, 2013
Exhibit "J"	Affidavit of Mr. Ira Smith in connection with the Receiver's fee and disbursements
Exhibit "K"	Affidavit of Mr. Michael Cass in connection with Steinberg Morton Hope and Israel LLP fee and disbursements
Exhibit "L"	Receiver's statutory report under Subsections 245(1) and 246(1) of the <i>Bankruptcy and Insolvency Act</i> (Canada)
Exhibit "M"	Receiver's webpage for this receivership administration

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

FIRST REPORT OF IRA SMITH TRUSTEE & RECEIVER INC.

IN ITS CAPACITY AS COURT-APPOINTED RECEIVER OF 1817983 ONTARIO LTD.

DATED AUGUST 8, 2013

1.0 INTRODUCTION

1. This report (the **"First Report"**) is filed by Ira Smith Trustee & Receiver Inc. (**"ISI"**) in its capacity as court-appointed receiver (the **"Receiver"**), pursuant to section 101 of the *Courts of Justice Act*, R.S.O 1990, c. C.43, as amended (the **"CJA"**), without security, of all of the assets, undertakings and properties of 1817983 Ontario Ltd. (the **"Company"** or the **"Debtor"**).
2. The Honourable Mr. Justice Morawetz made an order dated April 26, 2013 (the **"Receivership Order"**) appointing the Receiver. A copy of the Receivership Order is attached hereto as **Exhibit "A"**.
3. Prior to the date of the Receivership Order, on March 25, 2013, ISI was appointed by private appointment as receiver over all assets, properties and undertakings of the Company (the **"Private Appointment"**), pursuant to security held by Trez Capital Corporation (**"Trez"**), Trez Capital Limited Partnership and Computershare Trust Company of Canada (the **"Applicants"**).

- 2 -

4. As disclosed in the affidavit of Noah Mintz, sworn April 15, 2013 (the “**Mintz Affidavit**”) sworn in support of the Receivership Order, due to, *inter alia*, the Company’s failure to cooperate with ISI and the state of disrepair of the Building, the Applicants sought and obtained the Receivership Order.

1.1 Purpose of this Report

5. The purpose of this First Report is to report to this Honourable Court on:

- a) the actions and activities of the Receiver since April 26, 2013;
- b) the Receiver’s retainer of Domus Student Housing Inc. (“**Domus**”), a Waterloo based property manager specializing in the management and rental of student housing, assisting the Receiver;
- c) the Receiver’s recommendation to continue utilizing the services of Pelican Woodcliff Inc. to assist the Receiver with certain capital improvements;
- d) the Sales Process as defined and described in this First Report;
- e) the accounting for the receipts and disbursements of the Receiver from April 26 to July 31, 2013; and
- f) the fees and costs to date incurred by the Receiver and its legal counsel, Steinberg Morton Hope & Israel LLP (“**SMHI**”).

- 3 -

1.2 Disclaimer

6. In preparing this First Report, the Receiver, where stated, has relied upon unaudited and draft, internal financial information obtained from the Debtor's books and records and discussions with former management, contractors and other third parties as stated herein (collectively, the "**Information**"). The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information and expresses no opinion, or other form of assurance, in respect of the Information.

7. This report is prepared solely for the use of the Court and the stakeholders in this proceeding, for the purpose of assisting the Court in making a determination whether to approve the actions and activities of the Receiver, and other relief being sought. It is based on the Receiver's analysis of information provided to it by the management, directors, staff, and contractors of the Debtor, and other third parties as stated herein, which included unaudited financial statements and internal financial reporting. The Receiver's procedures did not constitute an audit or financial review engagement of the Debtor's financial reporting. Where stated, the Receiver has relied upon the financial statements and financial and other records of the Debtor in reaching the conclusions set out in this report.

2.0 BACKGROUND AND OVERVIEW

8. The Company's principal asset is a building located at 316 King Street North in the City of Waterloo and the unimproved adjoining parcels of land immediately to the north and south of

- 4 -

the building, collectively known municipally as 312, 316-318 and 322 King Street North, Waterloo, Ontario (the “**Building**”).

9. The Building, known as King's Landing Student Residence, comprises an existing 10 storey, student residence which contains 118 individual bedrooms contained within 24 apartments, plus a two bedroom penthouse suite. The 24 apartments each contain 5 bedrooms (except one unit that contains only 3 bedrooms) and communal bathroom, kitchen and recreation space. The Debtor had intended to develop the unimproved parcels of land surrounding the building to add an additional high rise multi-unit student residence, additional parking, landscaping and ancillary structures (the “**Additional Construction**”). As at the date of the Private Appointment only minimal excavation and demolition work had taken place towards the Additional Development.

3.0 ACTIVITIES OF THE RECEIVER

3.1 *Initial site visit*

10. Attached as **Exhibit “B”** is a copy of the Receiver’s memo to file regarding its initial site visit. This memo appeared as Exhibit CC to the Mintz Affidavit sworn in support of the Receivership Order. As disclosed in ISI’s memo and the Mintz Affidavit, after receiving assurance that the principal of the Company the defendant Mr. Christodoulos Christodoulou would cooperate with ISI under the Private Appointment, representatives of ISI met with him to provide a copy of ISI’s appointment letter and to take possession of all assets, properties and undertakings of the Company and take possession of the

- 5 -

assets, properties and undertakings of the Company, including its books and records. Mr. Christodoulou advised that all property of the Company, including its books and records, were with the property manager at the Building. Upon attendance at the Building, the property manager advised that she had no such property and that we need to speak with Mr. Christodoulou. ISI's representatives again attended at his office to advise what the property manager said and to again request access to all assets, properties and undertakings of the Company, including but not limited to, all keys for the Building, all accounting records, the rent roll and any post-dated rent cheques. Mr. Christodoulou again advised that he did not have any such items in his possession or control.

3.2 *Retainer of Domus Student Housing Inc.*

11. Early on during the Private Appointment the ISI determined that it was not cost effective for its staff in Toronto to function as property manager given the Building's location and the Receiver's hourly rates. ISI learned that Domus Student Housing Inc. ("**Domus**") is a prominent firm specializing in the management and leasing of privately owned student residences in the greater Kitchener-Waterloo region and had prior experience managing the Building and. ISI and Trez representatives met with representatives of Domus and the Receiver negotiated terms for and entered into a management agreement with Domus, a copy of which is attached hereto as **Exhibit "C"**. With the support of the Applicants, the Receiver, subject to the approval of this Honourable Court, has adopted the agreement entered into between Domus and ISI under Private Appointment.

- 6 -

12. Domus has provided a part time on site building manager as well as operational support. All rent is deposited by Domus in the Receiver's trust bank account established for the receivership administration and all disbursements are paid by the Receiver.

3.3 *Pelican Woodcliff Inc.*

13. In addition to the maintenance and safety concerns that were noted during the initial inspection, the Receiver was contacted by the Deputy Chief Building Official for the City of Waterloo who advised that the building permit originally obtained to undertake the Additional Construction had lapsed and was revoked. The City of Waterloo representative also expressed concern that the Building did not conform to the City's building standards. Discussions were held with the City representatives and attached as **Exhibit "D"** is an email dated May 16, 2013 from Mr. B. Khan, Site Plan Coordinator, Development Services for the City of Waterloo summarizing the City's concerns relating to the state of the Building as inherited by the Receiver.

14. ISI under the Private Appointment, with the consent of Trez, retained Pelican Woodcliff Inc. ("**PWI**"), a qualified quantity surveyor and construction consulting firm, to provide real estate and construction consulting and advisory services.

15. On April 16, 2013, representatives of the Receiver, PWI, Domus, Trez and the City of Waterloo building standards met at the Building. The City's representative performed a brief inspection of the site conditions and advised they were content with the emergency means of egress and relayed specific concerns regarding site and safety conditions. Domus was instructed

- 7 -

to erect safety fencing around certain areas of the property and the City's representative approved the intended fencing plan from a safety perspective.

16. PWI corresponded further with the City and made further attendances at the Building to prepare a report on the building conditions to: (i) highlight immediate safety concerns; and (ii) prepare a plan to construct a temporary parking lot on the unimproved portion of the land at the north end of the Building site. The parking lot plan includes elements of grading, drainage, surface preparation, lighting and landscaping that PWI has advised the Receiver satisfies the City's requirements relating to restoring the parcel of land to conformance with standards (the **"Parking Plan"**).

17. PWI with the assistance of the engineering firm Brown & Beattie prepared specification for the Parking Plan and through a competitive bid procedure, recommended a contractor to undertake the work.

18. To date PWI's services have consisted of:

- a) site inspections;
- b) meeting and correspondence with building officials, engineering firms and contractors;
- c) reporting on the condition of the Building and making recommendations to undertake work that will enhance the value, integrity and safety of the Building as well as identifying maintenance issues that need to be addressed; and

- 8 -

- d) providing as needed consulting services to the Receiver on construction related matters pertaining to the Building.

19. In concert with PWI, Domus engaged a number of local trades to inspect the building systems and a number of mechanical deficiencies were noted and will be discussed further under the section titled “Capital Repairs”. As the Receiver will be recommending that this Honourable Court approve a sales process, and does not wish to taint the marketability of the building, it is not making PWI’s reporting to the Receiver public in this First Report, but will make all necessary disclosure in the Sales Process (as defined and recommended by the Receiver below in this First Report).

3.4 Insurance

20. ISI under its Private Appointment contacted Bernhardt Insurance Service Ltd. (“BISL”), the insurance broker who placed the insurance coverage for the Company on the Building. The broker confirmed that ISI was added as a named insured to the existing policy, provided by Intact Insurance. BISL also advised that the premium financing was in arrears and arrangements were made to restore the policy to good standing. Shortly thereafter the insurer advised it would not renew coverage following the expiration of the policy on June 21, 2013.

21. The Receiver initially consulted with Firstbrook, Cassie & Anderson Ltd. (“FCA”), the broker that handles the insolvency insurance program for ISI and many other trustees and receivers. FCA advised that the coverage originally obtained by the Company, with ISI added as

- 9 -

a named insured, was adequate and that should ISI wish to obtain replacement coverage through FCA, the monthly premium would be \$ 9,169.00 not including tax.

22. Following receipt of advice that Intact would not renew coverage, the Receiver requested that BISL seek out similar replacement coverage. After shopping the market BISL found replacement insurance coverage for an annual premium of \$27,847.80 (inclusive of financing costs and tax).

23. Attached as **Exhibit “E”** is a copy of the letter from BISL dated June 24, 2013 confirming insurance coverage.

3.5 *Building Condition and Capital Repairs*

24. Based on the recommendations of PWI, Brown & Beattie Engineers, Domus and contractors engaged by Domus on the Receiver’s behalf, the Receiver requested that the following improvements be undertaken or intended to be approved pending completion of other work that must be undertaken first:

- Repairs to elevator components due to water damage;
- Repairs and upgrades to the Building’s sump pump system;
- Safety fencing to guard against access to the underground parking lot, the hole cut in the garage ceiling slab and areas of the property with sloped grade;
- Additional bracing to prevent further collapse of the garage ceiling slab;

- 10 -

- Emergency measures to dam storm water runoff from flooding the underground parking lot;
- The Parking Plan to provide 25 surface parking spaces and restore portions of the subject property to be compliant with the City of Waterloo's building standards, following the lapse of the Company's building permit for Additional Construction;
- Repairs to the Building's boilers, chiller and air-conditioning equipment that were damaged as a result of neglect;
- Repairs to damage to the Building's roof;
- An inspection of the Building's fire and life safety systems and the necessary repairs to remediate any deficiencies discovered during the inspection;
- Work to secure the Building's emergency generator and wiring in accordance with appropriate safety and code standards; and
- As needed routine maintenance to building suites and common areas to ensure the safety and comfort of the tenants.

3.6 Cashflow and borrowings

25. To date the Receiver has been able to fund normal Building operations from the Building's rental income, including payment for both routine and special repairs and maintenance, utilities, insurance and the billings rendered to date by Domus and PWI. The

- 11 -

Receiver determined that certain capital repairs, primarily repairs to the boilers, chiller, the generator, the roof and the implementation of the Parking Plan could not be paid for out of cash flow from rent collections. Under the borrowing authority conferred on the Receiver by virtue of the Appointment Order, Receiver's Certificate number 1 was issued to borrow the amount of \$200,000 from Trez to cover the estimated cost of the capital repairs.

26. The Receiver made its borrowing request prior to contracting for the capital repairs as it was not comfortable entering into contracts without having the funds to honour its obligations. The Receiver is of the opinion that all of the work that it has carried out to date and intends to carry out serves to preserve or enhance the value and marketability of the Building as well as to comply with building standards and promote the safety and comfort of the Building's tenants. Readers are directed to Section 5.0 below regarding the receipts and disbursements of the Receiver.

3.7 Lack of books and records

27. Exhibit B to this First Report details the initial site visit and the lack of books and records regarding the Building, its tenants or any other aspects of the affairs and assets of the Company. ISI both under its Private Appointment and as Receiver communicated in writing with Mr. Christodoulou. A copy of the communications sent both in the Private Appointment and as Receiver (without enclosures) are attached hereto as **Exhibits "F" and "G"** respectively. At this time no property or books and records of the Company has been received in response. The Receiver is discussing with its counsel the appropriateness of bringing a motion for contempt against Mr. Christodoulou.

- 12 -

28. As indicated above, Mr. Christodoulou repeatedly advised the Receiver that he did not have any property, books and records of the Company in his possession or control, including, a current rent roll. Accordingly, ISI under its Private Appointment hand delivered letters to all suites advising of its appointment, that all rent is to be paid only to ISI, requesting that all tenants stop payment on any outstanding post-dated rent cheques provided to the Company and to provide ISI with a copy of their lease. Following the date of the Appointment Order, the Receiver renewed its request to tenants for copies of all leases.

29. Very few leases have been collected from tenants due to what the Receiver believes to be a combination of the following factors: (i) the ownership and management of the Building changed multiple times in its short existence; (ii) the Company may not have been diligent in created documents evidencing each tenancy; (iii) the tenants are university students and are not sophisticated regarding commercial legal matters and may be fearful of these receivership proceedings; (iv) the tenants are disgruntled due to the state of disrepair of the Building as a result of the neglect of the Company and therefore chose not to cooperate fully; and (v) the Receiver was appointed at a time that many tenants were vacating the building at the end of the academic term. With the assistance of Domus the Receiver has established a rent roll and can report that the penthouse (subject to it soon being vacated as described below) and 60 of the 118 standard bedroom units are occupied as at the date of this First Report. Domus is currently engaged in a leasing program for the new school year and has advised that as of the date of August 2, 2013, an additional 20 individuals have leased for the coming academic term.

- 13 -

30. Based on a review of limited documents found at the Building and through correspondence with the Building's tenants it was determined that the Company maintained bank accounts with Canadian Imperial Bank of Commerce and The Toronto-Dominion Bank ("TD") at branches in Kitchener. Under the Private Appointment, ISI corresponded with both banks and requested that all accounts maintained by the Company be frozen and that any property be remitted to ISI. Both banks responded that the accounts were in an overdraft position.

31. TD also advised that in early April 2013, Mr. Christodoulou deposited cheques payable to the Company into the Company's bank account and then the value thereof was immediately transferred out to one or more other accounts controlled by him, leaving TD with a loss when tenants stopped payment as directed by ISI. ISI co-operated with TD in their investigation by confirming that at no time was ISI or the Receiver in possession of the cheques referred to by TD, at no time did we attempt to negotiate funds through the Company's account, that Mr. Christodoulous was, at the time of negotiating such cheques, aware of the Private Appointment the instruction to tenants to stop payment on post-dated rent cheques.

3.8 Tenant Matters

32. One of Domus' first tasks was to establish a rent roll and enforce collection of rent. On a regular basis Domus reports to the Receiver regarding tenant compliance, collection and advice regarding enforcement in accordance with the *Residential Tenancies Act* S.O. 2006, C. 16, as amended (the "RTA"). Specifically, where rent is in arrears, N4 eviction notices are sent in

- 14 -

accordance with the RTA. With one exception the issuance of eviction notices resulted in either payment of rent arrears or the tenant delivering vacant possession.

33. The occupants of the penthouse are two brothers. Exhibit B to this Report describes ISI's interactions with them and the state of their unit at the outset of the Private Appointment. The penthouse tenant have never produced a copy of their lease (and it is conceivable that a written lease doesn't exist) but have advised that their monthly rent is \$2,800. The Receiver located dated rent receipts that support this assertion. No rent has been paid to the Receiver since the date of the Private Appointment and the arrears of rent are currently the amount of \$14,000. The penthouse tenant sought a hearing before the Landlord and Tenant Board (the "LTB"), which was initially held on July 9, 2013. The LTB hearing was adjourned to allow for a negotiation of terms of settlement, and on July 30, 2013, the parties returned to the reconvened LTB hearing to obtain a consent Order that *inter alia* required the penthouse tenant to deliver vacant possession on or before August 31, 2013 and pay \$4,200 to the Receiver. As of the date of this First Report, the LTB Order has not yet arrived.

34. The Receiver is saddened to report to this Honourable Court that between the evening of July 13 and the morning of July 14, 2013, one of the Building's tenants committed suicide. The police were dispatched to the Building and a report was filed, however it has not been made available to the Receiver at this time. Domus retained a restoration crew to clean the biohazard and restore the rental unit. The Receiver has put its insurer on notice regarding the incident both from a liability perspective and for recovery of any property loss. At this time the costs associated with remediation appear to be at or below the policy's deductible.

- 15 -

4.0 PROPOSED SALES PROCESS

35. ISI under the Private Appointment discussed with Trez the need to obtain an appraisal and enquired if it had a recent appraisal. Trez recommended that ISI retain the firm City Management & Appraisals (2006) Ltd. (the “**Appraiser**”) to conduct an appraisal of the Building. During its discussions with the Appraiser, the Appointment Order was issued and subject to the approval of this Honourable Court, the Receiver retained the Appraiser to appraise the Building. A copy of the retainer agreement between the Receiver and the Appraiser is attached hereto as **Exhibit “H”**. The Receiver has received the appraisal report from the Appraiser and has paid them for the appraisal report. The Receiver intends to rely on this report in considering realtor proposals to market the property (as further discussed below) and offers to purchase the Building. The appraisal will be made available to this Honourable Court at the time the Receiver makes application for the approval of an Offer to Purchase and the sale of the Building.

36. It is the Receiver’s belief that that maximum realizable value for the building can be best achieved once the proposed and underway capital improvements are substantially completed and Domus has leased as many vacant units as the marketplace can absorb. The Receiver reports that it has received informal advice that the Kitchener Waterloo region has a surplus of student housing and while 100% occupancy may not be achieved, a sophisticated potential purchaser would closely examine the economics of the vacancy rate and gross rent in considering a purchase price for the Building.

- 16 -

37. Subject to the approval of the Honourable Court, the Receiver intends to solicit proposals from realtors experienced in the sale of similar type properties. The Receiver believes that listing proposals should be requested from appropriate commercial realtors and that the Receiver should retain one such realtor to list the market the Building, inclusive of all chattels, appurtenances and unimproved land on the Multiple Listing Service (the “**Sales Process**”). Any Offer to Purchase which the Receiver believes should be accepted and the transaction completed, will be submitted to this Honourable Court for approval.

38. The Sales Process will involve the Receiver being in a position to: (i) evaluate all offers; (ii) provide any final information to the relevant parties that they may need in connection with such offers; (iii) obtain all necessary approvals from this Honourable Court; and (iv) complete the sales contemplated under the Receivership Order.

39. The Receiver believes that the Sales Process outlined above, for which the Receiver is seeking the approval of this Honourable Court, allows the marketplace to move quickly and allows the Receiver to obtain offers for these Properties in an expeditious timeframe.

5.0 RECEIVER’S STATEMENT OF RECEIPTS AND DISBURSEMENTS

40. As described in this First Report the Receiver has been collecting and utilizing the rent receipts to operate the Building. As indicated above, the Receiver forecasts that the cashflow would be insufficient to pay for various capital improvements and so the Receiver has borrowed from Trez under its borrowing authority contained in the Appointment Order. The Receiver has issued one (1) Receiver’s Certificate to date and has borrowed under the Receivership Borrowing

- 17 -

Charge (all as defined in the Appointment Order) the amount of \$200,000.00 to date as also disclosed in the Receiver's Statement of Receipts and Disbursements.

41. The Receiver reports that at this time it has not received a property tax bill or a water bill for the Building, notwithstanding the various authorities have been put on notice of the Private Appointment. Once rendered, the Receiver will evaluate its ability to pay these costs and will report further to this Honourable Court should it need to increase its borrowing authority to do so.

Attached as **Exhibit "I"** is the Receiver's Statement of Receipts and Disbursements for the period April 26 to July 31, 2013.

6.0 PROFESSIONAL FEES AND DISBURSEMENTS

42. Attached as **Exhibit "J"** is a copy of the Affidavit of Mr. Ira Smith in connection with the Receiver's fee and disbursements including the detailed statement of account for the period from March 25 to July 31, 2013 in the amount of \$115,880.61 (inclusive of HST). As indicated in the Statement of Receipts and Disbursements, to date, the amount of \$NIL has been advanced on account of the fee and disbursements.

43. Attached as **Exhibit "K"** is a copy of the Affidavit of Mr. Michael Cass in connection with SMHI's fee and disbursements including the detailed statement of account for the period April 26 to August 8, 2013 in the amount of \$11,680.64 (inclusive of HST). As indicated in the Statement of Receipts and Disbursements, to date, the amount of \$NIL has been advanced on account of SMHI's fee and disbursements.

- 18 -

7.0 OTHER MATTERS

44. In accordance with Subsections 245(1) and 246(1) of the BIA, on March 28, 2013, ISI's statutory Report under its Private Appointment (the "**BIA Report**") was sent by ordinary mail to the Debtor, the Office of the Superintendent of Bankruptcy and all known creditors of the Debtor. Attached as **Exhibit "L"** to this First Report is a copy of the BIA Report.

45. The Receiver has established a webpage dedicated to this receivership administration, so that all interested parties may obtain updated information that is publicly available. The Receiver's webpage is maintained at:

http://www.irasmithinc.com/case_studies/Kings_Landing/index.html

Attached as **Exhibit "M"** is a copy of the webpage.

8.0 CONCLUSION AND RECOMMENDATIONS

46. For the reasons set out in this First Report, the Receiver respectfully requests that this Honourable Court approve:

- a) the actions and activities of the Receiver since April 26, 2013;
- b) the Receiver's retainer of Domus Student Housing Inc. ("**Domus**"), a Waterloo based property manager specializing in the management and rental of student housing, assisting the Receiver;

- 19 -

- c) the Receiver's recommendation to continue utilizing the services of Pelican Woodcliff Inc. to assist the Receiver with certain capital improvements;
- d) the Sales Process as defined and described in this First Report;
- e) the accounting for the receipts and disbursements of the Receiver from April 26 to July 31, 2013; and
- f) the fees and costs to date incurred by the Receiver and its legal counsel, Steinberg Morton Hope & Israel LLP ("SMHI").

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All of which is respectfully submitted at Toronto, Ontario this 9th day of August, 2013.

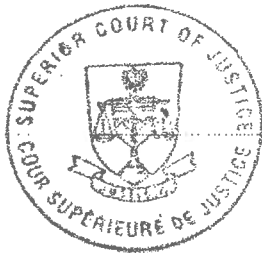
IRA SMITH TRUSTEE & RECEIVER INC.

solely in its capacity as Court Appointed Receiver of 1817983 Ontario Ltd.
and not in its personal Capacity

Per: _____

President

TAB A



Court File No. CV-13-10065-00 CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE MR)
 JUSTICE Morawetz)
)

Friday, THE 26th
 DAY OF April, 2013

**TREZ CAPITAL CORPORATION,
 TREZ CAPITAL LIMITED PARTNERSHIP and
 COMPUTERSHARE TRUST COMPANY OF CANADA**

Plaintiffs

- and -

1817983 ONTARIO LTD. and CHRISTODOULOS CHRISTODOULOU

Defendants

ORDER

THIS MOTION made by the Plaintiffs for an Order pursuant to section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "**CJA**") appointing Ira Smith Trustee & Receiver Inc. as receiver (in such capacities, the "**Receiver**") without security, of all of the assets, undertakings and properties of 1817983 Ontario Ltd. (the "**Debtor**") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Noah Mintz sworn April 15, 2013 and the Exhibits thereto and on hearing the submissions of counsel for Plaintiffs and counsel for the Defendants, no one appearing and on reading the consent of Ira Smith Trustee & Receiver Inc. to act as the Receiver,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion 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 101 of the CJA, Ira Smith Trustee & Receiver Inc. is hereby appointed Receiver, without security, of all of lands and premises legally described in Schedule "A" hereto (the "**Lands**") and for 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**"). For greater certainty, Property includes Insurance Policies, Material Contracts, Permits, Personal Property, Plans, Specifications and Securities, as each such term is defined in Schedule "B" hereto.

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 of 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;
- (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 undertake environmental or workers' health and safety assessments of the Property and operations of the Debtor;
- (j) 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;

- 4 -

- (k) 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;
- (l) 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 \$100,000.00 provided that the aggregate consideration for all such transactions does not exceed \$250,000.00; 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

- (m) 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;
- (n) to report to, meet with and discuss with such Affected Persons (as the term is defined in Schedule "B") as the Receiver deems appropriate on all matters relating to the Property and the receivership, and in this regard, the Receiver may share information including, but not limited to, appraisals, reports, deficiency notices, offers to purchase, or other relevant pertinent information, subject to such terms as to confidentiality as the Receiver deems advisable;

- 5 -

- (o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (p) 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;
- (q) 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;
- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (s) 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.

- 6 -

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

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 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 Bankruptcy and Insolvency Act, R.S.C. 1985, c.B-3., as amended (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 or delivery for demand pursuant to section 39 of the Construction Lien Act, R.S.O., 1990, c.C.30, as amended (the "CLA").

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 the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering,

interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

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, 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 normal 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 \$500,000.00 (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 "C" 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.

24. **THIS COURT ORDERS** that notwithstanding paragraphs 20-23 inclusive, and as alternate thereto, the Receiver is hereby authorized to borrow money to fund the exercise of its powers and duties hereunder by way of advances from the Plaintiffs, which advances shall be secured by the Plaintiffs' security on the Property (including without limitation the First Mortgage as defined and attached as an exhibit to the Mintz Affidavit), with the same priority that may attach to such security.

25. **THIS COURT ORDERS** that all funds advanced by the Plaintiffs to the Receiver to fund the exercise of its powers and duties as a private receiver prior to the date of this Order shall be secured by the Plaintiff's security on the Property (including without limitation the First Mortgage as defined and attached as an exhibit to the Mintz Affidavit), with the same priority that may attach to such security.

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 Plaintiffs and the Receiver and any party who has served a Notice of Appearance, may serve any materials in this proceeding by e-mailing a pdf or other electronic copy of such materials to counsels' e-mail addresses as recorded on the Service List from time to time, in accordance with the e-filing protocol of the Commercial List to the extent practicable.

31. **THIS COURT ORDERS** that the Plaintiffs shall have its costs of this Motion, up to and including entry and service of this Order, as provided for in the Plaintiffs' security.

32. **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party

- 13 -

likely to be affected by the order sought or upon such other notice, if any, as this Court may order.



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APR 26 2013

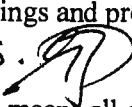
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- 14 -

SCHEDULE "A"**LEGAL DESCRIPTION OF THE LANDS****PIN No. 22361-0434 (LT)**

1STLY: PT. LOT 74 SUB.LOT 13 G.C.T., BEING PT. 2 ON 58R-15301; 2NDLY: PT. LOT 73 SUB.LOT 13 G.C.T., BEING PT. 1 ON 58R-15301; 3RDLY: PT. LOT 74 SUB. LOT 13 G.C.T, AS IN 1121892, SAVE & EXCEPT PT 2 ON 58R-17380; 4THLY: PT. LOT 72 SUB.LOT 13 G.C.T., AS IN 674418, SAVE & EXCEPT PT 1 ON 58R-17380; SUBJECT TO AN EASEMENT AS IN WR251469; CITY OF WATERLOO

SCHEDULE "B"**DEFINED TERMS**

"Affected Persons" means all Persons (as that term is defined in section 4) who have financial interest in the assets, undertakings and properties of the Debtor, including, but not limited to, ~~mortgagees~~ mortgagees. 

"Construction Agreements" means all construction contracts and subcontracts entered into by or on behalf of the Debtor for the supply of construction services or materials to all improvements constructed on or made to the Lands including, without limitation, all agreements, invoices and other documents related thereto, together with all bonds, guarantees, letters of credit and/or other securities issued with respect to the performance of such Construction Agreements and the supply of all work, labour and materials thereunder.

"Insurance Policies" means all policies of insurance insuring the Lands and the building improvements, fixtures and other properties situate in, on or under the Lands or arising out of the interest of the Debtor in the Lands including, without limitation, policies of insurance for property damage, loss of rental income, business interruptions, theft of property, professional liability, general liability, fire and extended perils and boiler and machinery.

"Material Contracts" means all of the right, title and interest, but not the liabilities, obligations or burdens, of the Debtor in all contracts entered into by or on behalf of the Debtor for the development, servicing and management of any improvements constructed on or made to the Lands including, without limitation, any cost sharing agreements (except Construction Agreements which are expressly excluded herefrom), insurance, Permits and Plans and Specifications and Landmark Sale Agreements including, without limitation, any amendments, extensions, renewals and replacement which have been made to any of them, all proceeds therefrom, all benefits and advantages which now or hereafter may be derived therefrom, all debts, demands, choses in action and claims due, owing, or accruing due to or on behalf of the Debtor therefrom and all books, accounts, invoices, letters, papers, drawings, blueprints, documents, records and data (including hard and soft copies thereof and all forms of magnetic, electronic and other means of data storage) in any way evidencing or relating thereto.

"Permits" means all present and future approvals, licenses, demolition permits, excavation permits, foundation permits, building permits, construction permits and other permits now or hereafter issued or required to be issued by any public or governmental authority in order to permit the construction of improvements to the Lands.

"Personal Property" means all personal property (including, without limitation, each account, chattel paper, document of title, equipment, instrument, intangible, inventory, money, security and goods) owned or acquired by or on behalf of the Debtor or in respect of which the Debtor has any rights and which is now located on, affixed or attached to, placed upon, situate in or on, or which may arise out of, from or in connection with the ownership, use or disposition of, the Lands or any part thereof, including, without limitation, all increases, additions, substitutions, repairs, renewals, replacements, accessions, accretions and any improvements to any such

- 16 -

Personal Property and all proceeds and other amounts derived directly or indirectly from any dealings with any such Personal Property.

"Plans and Specifications" means all plans, specifications and drawings for the improvements constructed upon the Lands.

"Securities" means all monies evidenced or represented by certificates of deposit, guaranteed investment certificates or other interest bearing instruments or accounts issued to or registered in the name of the Debtor or its nominee and all renewals thereof and/or substitutions, replacements, additions of alterations thereof.

SCHEDULE "C"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that Ira Smith Trustee & Receiver Inc. the receiver (the "Receiver") of the assets, undertakings and properties 1817983 Ontario Ltd. (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 _____ of _____, 2013 (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

- 18 -

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 _____, 2013

Ira Smith Receiver & Trustee Inc. solely in its
capacity as Receiver of the Property, and not in
its personal capacity

Per: _____
Name: _____
Title: _____

TREZ CAPITAL CORPORATION -and- 1817983 ONTARIO LTD. et la.
et al.

Plaintiffs

Defendants

Court File No. CV-13-10065-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**PROCEEDING COMMENCED AT
TORONTO**

ORDER

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Lawyers for the Plaintiffs/ Moving Parties

TAB B



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 irasmithinc.com

Memo

Brandon Smith

Phone: 905.738.4167 ext. 113

Email: brandon@irasmithinc.com

To: Asset File
 From: Brandon Smith
 CC: Ira Smith
 Date: March 29, 2013
 Re: 316 North King Street Site Visit

Prior to attending at the building, I and Mr. Wolfe attended at 1 Queen Street N., Suite 200 in Kitchener. Reception confirmed that Mr. Christodoulous keeps an office at this location and his business card was available at reception. We requested to meet with him.

We provided Mr. Christodoulous with a copy of our appointment letter and my business card; he declined to accept the latter. He advised that through legal counsel it was communicated that he would co-operate with us and that Carla at 316 North King would provide us with keys and everything we needed. I asked if he had a rent roll and the books and records of the company, and I was advised that everything is at the site.

Upon arriving at the building we met with Carla in the management office. She was compiling a list of tenant complaints regarding the state of the building. A tenant asked her for his copy of his lease and she advised that she was unaware of its existence or location.

Carla advised that she is a friend of Chris' and has only been working part time for the last week. She seemed unaware of the location of any books and records and didn't know if a rent roll was maintained. Carla advised rent starts at approximately \$525 a month. She allowed Mr. Wolfe to access the computer and back up files. I left Mr. Wolfe to conduct an inspection of the property.

Building site and location

The Building is located on the East side of North King Street in Waterloo. The municipal address marked on the building is 316 North King and the building is named "Kings Landing". To the north and south of the building is vacant, unimproved land, currently raw soil being used as parking for the building. Given the current climate, the lot is very muddy. The grade of the parking area slopes East to a muddy strip running across the back of the property, which in turn slopes towards an entrance to a lower parking level at

the south-east corner of the building. There is no shoring or retaining for the earth along the eastern perimeter of the lot line and the grade is several feet below the adjoining properties, causing the adjoining properties to slowly erode into the excavated lot. It appears that the only fencing to demark the property lines is the remnants of the neighboring properties' fences. There is also a hodge-podge of hoarding and damaged construction fencing strewn about the perimeter of the property.

There are portions of safety fencing and hoarding around the site but all provide very poor protection from a safety perspective. Access to the upper parking garage is from the North vacant lot, but has been walled off. There is a section of the concrete deck above the lower lot that has collapsed leaving a large open hole with jagged rebar protruding. There is a second section of slab that has been cut and is at risk of collapsing. There are insufficient guards in place to protect the public from this hazard both at grade and in the easily accessible lower parking level. The upper level of the car park is walled off and access to the lower lot is available, albeit through a muddy stretch of land. Caution tape does an inadequate job of separating the public from the area where the ceiling has collapsed. One motor scooter is parked in the lower lot and there is a section of the lot walled off with overhead doors that leads to a maintenance space.

The building has 10 stories, including the lobby and a penthouse. The lobby houses a mailroom and 2 management offices. Each floor (2-9) has three units (X01-X03). The 10th floor requires special access. The fire stairwells have locked access to the 10th floor (access to other floors is open) and the elevator needs an override key to access the floor, pressing the "PH" button will not move the elevator. When I place the elevator into service mode and forced it to the 10th floor I was greeted by what appears to be a guard dog roaming the hallway. Reviewing the mail boxes and hydro metering confirms the unitization of 3 units each on floors 2 through 9 and a single unit on the 10th floor. Each unit appears to have a separate electricity meter. It is unclear what the arrangement is for the sharing of electricity costs amongst the co-tenants of any given suite.

Mr. Christodoulous had advised that a Mr. Gareth D'Costa resides on the 10th floor. I managed to obtain contact details from Mr. D'Costa through an internet search and met with him on March 27th in conjunction with the elevator shut down (described below). Mr. D'Costa resides with his brother and he advised they do not have a current lease but they pay \$2,800 a month in rent. With Mr. D'Costa's permission I entered his unit and viewed 4 spaces, a hallway that runs the length of the unit, a bedroom and bathroom at the south end and a large great room and kitchen. Mr. D'Costa mentioned that he isn't always in town and hasn't used the great room (which accounts for a significant amount of the space in the unit) in some time. The unit is dirty; the bathroom I viewed is inoperable and filled with trash and has significant damage to the ceiling from a water

leak. The great room also has significant damage to the ceiling from a water leak from the roof. It was evident that marijuana had recently been smoked in the unit.

There is a mechanical penthouse above the 10th floor that house mechanical equipment and related apparatus. The elevator mechanical room is also located here. The roof is accessible from the mechanical penthouse. The roof appears to be pitched away from the scuppers and no roof drains were visible during my inspection. This would account for the water damage in the penthouse. The roof also houses a chiller.

There are 2 cable hoist elevators, one was stuck at the 4th floor and is inoperable. Both are vandalized and dirty.

Fire safety plans on the floors show that each unit is subdivided into many bedrooms that share common facilities, essentially making the whole building one big rooming house.

State of Disrepair

The property is littered with garbage and debris, both outside and in common areas. Waste Management has two bins on site that are overflowing and trash is piling up around them. I have made contact with Waste Management to set up a receiver's account and I have twice requested that someone be sent ASAP to remove the trash in front of the bins and to empty the bins, on our account.

As previously described a portion of the garage ceiling has collapsed and there is a second section at risk of collapse. A saw cut has been made in the slab severing rebar and water is leaking at many places adjacent to the collapsed slab section.

The North Stairwell between floors 9 and 10 is littered with trash and there are smaller collections of trash to a much lesser extent in other places in the stair wells. The stairwells are malodorous.

There is a Mircom enterphone but a tenant list is not displayed and the door from the entrance alcove to the lobby is propped open and the lock is broken.

There are three laundry rooms, which essentially are closets. Each contains a single stacked unit, which runs off of a reloadable smart card that tenants can load with credit through their credit or debit cards using a machine in the lobby. The three laundry rooms are dirty, filled with dryer lint, which indicates the exhaust system is not maintained, and one laundry room has no lighting.

In serving notice of our appointment and attornment of rent to the tenants, Mr. Wolfe has spoken with a few tenants, all describe problems in their units involving some or all of the following: extreme temperatures/inoperable HVAC, water damage from leaks above or adjacent; defective kitchen appliances; intermittent internet service (supposed to be provided by the landlord); plumbing malfunctions; salty water coming from the taps; and malfunctioning smoke detectors. The sentiment has been that the property manager(s) were under pressure from the landlord to not incur costs.

The fire alarm panel had many trouble codes and there are deficiency notices posted from the fire department. I have been advised safety inspection has not taken place since February 2012 and the contractor (Richardson) has advised that deficiencies arising from that inspection are outstanding.

On March 27th I had a Pro Fire, a life safety contractor, attend at the site to address the alarms. They deduced that the condition was a result of sensors in the elevator shaft. At their advice I dispatched Delta Elevator, the manufacturer of the elevators on site to attend. They accessed the shaft and determined that the pit was flooded with water which had damaged elevator equipment and fire alarm sensors. It was determined that the automatic sump pump had failed, and when placed into manual mode, the water began to recede. I suspect the water had entered from the roof, given the standing water and drainage problems I had observed.

Delta advised the presence of water in the pit is an imminent safety hazard and shut down both elevators. Delta has supplied us with a quotation to repair the damage which we have accepted. The pit must be drained first and the pump cannot run in manual mode continuously or it may cause a fire. We will need to have separate contractors address the malfunctioning pumps and the cause of the flood.

Pro Fire has provided a quotation to perform a complete inspection of the building. They will require access to all suites and accordingly we will need a property manager to co-ordinate this. Mr. Wolfe has met with a representative from Domus, the once and former property manager, who specializes in student housing, and will report separately on his meeting.

Conclusion

Given both the state of disrepair and the total lack of co-operation from Mr. Christodoulous or in the alternate the complete lack of proper books and records regarding the building and its tenants it will be necessary for us to reconstruct the records and possibly create proper documented tenancies where none exist. To that end it is my

recommendation that a local property manager who specializes in student housing be retained immediately. I have compiled a list of tasks that will need to be addressed:

1. Have Delta repair the elevators and get them back in service
2. Electrical and Plumbing issues related to Elevator including why the sump wasn't pumping
3. Fire safety inspection; the PM will have to co-ordinate with tenants to get access on 24hrs notice
4. A complete inspection of the building's HVAC and mechanical components including all suites, roof top units, elevator & generator
5. An assessment of the roof drainage and membrane/all flashing/points of water infiltration in building membrane
6. Cleanup of all stairwells, public areas and grounds
7. Once Waste Management picks up trash, establish and communicate a proper recycling/waste management protocol including restricting parking in front of the bins
8. Clean and service laundry facilities including inline lint traps and ventilation
9. Deal with the collapsed slab and the soon to collapse slab section next to it, properly create a security and safety perimeter
10. Have a structural engineer examine the foundation in and around the collapsed slab
11. Have geotechnical consultant/engineer determine what needs to be done to prevent erosion damage to neighbouring properties
12. Deal with the hodgepodge of broken fencing and construction hoarding around site, ensure proper guards, railings and fencing is installed where appropriate
13. Parking management plan – since using the parking lot is off limits because of structural concerns do we need to adjust grading or dump gravel to deal with the mud on the unimproved lots?
14. Secure access to the building in concert with communicating with all tenants to make sure they have front door keys
15. Assist us in preparing a rent roll, collection of rent etc
16. On notice to tenants inspect every suite and compile a damage deficiency list – make determination re cause of damage (i.e. did the tenant destroy or is the building deteriorating) and determine what would be the ordinary responsibility of a landlord
17. Deal with the penthouse – while I believe that Gareth and his brother are harmless, and are genuinely living on the same month to month/oral/holdover arrangement that most other tenants are occupying under, something just doesn't seem right. Their place is filthy, there is garbage piled up in an unusable bathroom and there is sufficient water damage to the place that it could be un-inhabitable.
18. Call tenant meeting with receiver to allow Q & A

19. Manage move in/out, end of lease, subletting, rental enquiries etc.

Once a property manager is in place and the building is brought back to better standards a real estate appraisal of the existing site should be conducted in order to provide the Receiver with an estimate of current value.

Also given the total lack of records it will take some time before we are able to prepare any type of cash flow or budget for the building and we will require interim funding for both maintenance and ongoing regular operations (utilities, service providers, insurance etc) as we believe most tenants had given postdated cheques for rent, that were either cashed or not being released by Mr. Christodoulous and it may take some time to properly attorn the rent. Our notice to tenants which Mr. Wolfe distributed advised those who have provided post-dated cheques for rent payments to stop payment on those cheques and pay any rent arrears and ongoing rent directly to the Receiver.

TAB C



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Waterloo, ON, N2J 3H8

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Fax: 519-342-0697

info@domushousing.com
www.domushousing.com

This **MANAGEMENT AGREEMENT** made as of the 1st day of April, 2013,

BETWEEN:

Ira Smith Trustee & Receiver Inc.
solely in its capacity as Receiver and Manager of 1817983 Ontario Ltd.

(Hereinafter called the "Receiver")

and

DOMUS STUDENT HOUSING INC.

(Hereinafter called the "Manager")

WHEREAS the Receiver was appointed on March 25, 2013 as Receiver and Manager of 1817983 Ontario Ltd., owner of - the lands and premises situated at **316-318 & 322 North King Street, Waterloo, ON** (hereinafter referred to as the "Property");

AND WHEREAS the Receiver desires to engage the Manager on an exclusive basis for the management of the Property on the terms and conditions hereinafter more particularly set forth;

AND WHEREAS the parties hereto have agreed to enter into these presents (hereinafter referred to as the "Agreement");

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the premises, and the agreements herein contained, and of other good and valuable consideration, it is mutually declared, covenanted and agreed by and between the parties hereto as follows:

APPOINTMENT

1. The Receiver engages the Manager on an exclusive basis as its property manager in respect of the Property in accordance with the terms and conditions of this Agreement.

ACCEPTANCE

2. The Manager accepts the engagement and agrees to operate and manage the Property in accordance with the terms of this Agreement to the extent that any matter relative



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to operation and management of the Property is not included in this Agreement the Receiver may advise the Manager thereof, from time to time, in writing and the Manager will perform such further and other duties which are lawful and acceptable to the Manager upon such reasonable compensation as the parties may agree.

INDEPENDENT CONTRACTOR

3. Nothing contained in this Agreement shall be construed so as to constitute the Manager as either a partner or a joint venturer of the Receiver. The duties to be performed and obligations assumed by the Manager hereunder shall be performed and assumed by it only as an independent contractor and not as an employee or in any other way as a representative of the Receiver

DUTIES

4. In operating and managing the Property on behalf of the Receiver, the Manager hereby agrees:

- a) to collect and receive rent and other **payments from the tenants of the Property as well as any other revenues recoverable by the Receiver as and when the same become due and payable and to give receipts** therefore and to immediately deposit all such receipts in the receivership trust bank account established by the Receiver at The Toronto-Dominion Bank;
- b) to terminate tenancies, provided that the Manager shall obtain the Receiver's prior consent before terminating any tenancy, and to sign and to serve in the name of the Receiver such notices as are deemed necessary for such termination by the Manager;
- c) to diligently pursue and take all reasonable measures at the Receiver's expense to remedy all breaches of leases by Tenants including, but not limited to, non-payment of rent and, when it deems appropriate, to initiate court processes or arrange for them to be initiated and when expedient, to settle, compromise and release such actions or suits 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 enforcement of leases, the costs of such legal assistance, including that of counsel, court costs, investigation and appeal costs, shall be borne by the Receiver on a solicitor and his own client basis. Unless the Receiver advises the Manager in writing to the contrary, the Manager shall retain any required legal assistance from legal counsel of the Receiver's choosing;
- d) to arrange for the supply, as may be required, of electricity, gas, fuel, water, telephone and other services and to arrange in such manner as may seem to be the more desirable for the effective and economical operation, maintenance and repair of the Property and its equipment (including, without limitation, any heating, ventilating, air-conditioning, plumbing and electrical equipment) as may be required by the Receiver or deemed desirable by the Manager or so as to comply with the enforcement of any



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regulations and requirements of which the Manager is notified by the local board of 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 may include those for janitor service and any other cleaning, including windows, building security, ice removal, landscaping, grounds maintenance, painting, redecoration, garbage storage, garbage removal, and such other services as the Manager may deem advisable, it additionally being agreed that the Manager may from time to time purchase supplies required for the operation and maintenance of the Property;

- e) to provide to the Receiver all contracts to be entered into in connection with the management of the Property for execution unless and except where the approval of the Receiver cannot be readily obtained and the expenditure is in the nature of an emergency;
- f) no repairs or arrangements which are not budgeted and are over \$1,500.00 shall not be done without the Receiver's approval and consent, provided that the Manager shall not be responsible for damages caused because of the inability to obtain the Owner's consent;
- g) To deposit to a bank account as designated by the Receiver all rents and revenues received and to present to the Receiver bi-weekly a listing of accounts payable to approve and pay.
- h) to keep records of receipts and disbursements affecting the Property, and the Owner shall at all reasonable times have access to such records as well as to all other books and records of the Manager in connection with the operation and management of the Property, and the Owner's accountants shall have the right at all reasonable times to audit such books and records and to take copies and extracts therefrom at the Owner's expense;
- i) to prepare annually by the first day of December, a budget estimate of revenues and expenses, including foreseeable capital expenses, for the Property for the forthcoming calendar year and the budget, when approved by the Receiver, will serve as the basis for spending authority of the Manager to disburse the expenditures approved for the operation of the Property during the ensuing year in accordance with the provisions of this Agreement. If the Receiver does not disapprove the budget within thirty (30) days following its receipt such budget or plan shall be deemed approved;
- j) to supervise and regulate the conduct of the various tenants of the Property and the use of the common areas of the Property available to the public and the tenants in accordance with the provisions of all applicable leases;
- k) to negotiate the renewal of existing leases and to advertise and secure new tenants for all premises in the Property which may become vacant during the currency of this Agreement; provided that all leases or renewals of leases shall be subject to the



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approval of the Receiver and all costs associated thereto shall be to the account of the Receiver;

- l) to present to the Receiver - all advertising, legal fees, leasing fees and other incidental expenses in connection with hiring of staff and the leasing of space in the Property during the currency of this Agreement. -
- m) to generally do all such acts, matters and things as may be necessarily agreed upon between the parties from time to time in writing for and at such reasonable compensation as may be agreed;
- n) to use its best efforts to arrange for the performance of all covenants, duties and obligations of the Receiver pursuant to all leases which are in effect during the currency of this Agreement insofar as such performance is consistent with the terms of this Agreement and any subsequent instructions given from time to time by the Receiver;
- o) to perform any necessary services in connection with the repair of any building or replacement of property after loss or damage by fire or other casualty, at a remuneration to be paid by the Receiver, the amount of which to be determined by the Manager having regard to the extent and value of the services rendered and to be approved by the Receiver before any disbursement is made, and to the extent that the Manager performs any such services or incurs any disbursements prior to approval the Manager shall be paid reasonable compensation for such services and/or disbursements.

RECEIVER'S COVENANTS

5. The Receiver hereby agrees with the Manager, as follows:
- a) to pay the Manager a minimum fee per month of \$____ plus HST; in an instance where the property revenue is too low or the Property is vacant.
 - b) to pay to the Manager additional fees as set out in the Manager's rate sheet (a copy of which has been provided to the Receiver and as same may be amended from time to time and agreed to between Manager and Receiver;
 - c) to carry, at the Receiver's expense, public 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 and the Receiver shall provide the Manager with certificates or copies of policies evidencing such insurance coverage.
 - d) The Receiver agrees to reimburse the Manager for all miscellaneous disbursements directly related to the operating of the Property that are not



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collectable from the Tenants. This shall include but not be restricted to items such as bank charges, cheque costs, photocopying, courier expense, outside accounting fees, long distance phone charges, costs of Tenant distress, termination, postage expense and print ad advertising for vacant space for lease in a monthly maximum amount as agreed upon. This, however, shall specifically exclude the Managers expenses such as food, entertainment and the Managers employee payroll costs.

- e) to provide a list of the authorized representatives of the Receiver;
- f) to provide to the Manager 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;
- g) to grant the Manager the sole and exclusive right to place any rental or management signs on or about the Property;
- h) to provide the Manager the following documentation, if in the Receiver's possession:
 - i) all existing tenant leases including any memorandums, agreements, or other documents affecting any such lease;
 - ii) particulars and copies of any and all construction liens, legal proceedings and insurance policies affecting the Property or of which the Receiver is aware relative to any tenant at the Property;
 - iii) copies of any and all mortgages or other third party documents which impose any standard or duty at any level which the Manager ought to be aware of in the performance of its duties provided that if any such standard substantially exceeds those reasonably required under this agreement the Manager shall be entitled to additional reasonable compensation therefore;
 - iv) copies of or access to all prior accounting records relative to the Property including all journals, receipts and ledgers relative to all money received and disbursed respecting the Property;
 - v) all such other documentation which might reasonably be expected to assist the Manager in management of the Property as required by this agreement;
 - vi) any keys, combinations or whereabouts of locks, locking devices or security systems.

TERM OF AGREEMENT

6. This Agreement shall take effect and be binding upon the parties hereto commencing from April 4, 2013 and continuing for a term of one (1) year from the



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commencement date. The term of this Agreement may be terminated by either party upon ninety (90) days' notice, in writing, given by one party to the other, provided that this Agreement may be terminated earlier at the option of either party for the following reasons;

- i) in the event of a default by either party in the observance and performance of any of the obligations herein contained, a written notice of default (giving reasonable details) must be given to the other party and if such default or non-observance is not cured within thirty (30) days following the receipt of such notice by the other party then this Agreement may be terminated forthwith;
- ii) in the event that the Manager or the Receiver fails to remit any moneys due to be paid by one to the other and if such failure is not cured within ten (10) working days following the receipt of the other party's written request, then the other party may terminate this Agreement forthwith;
- iii) the Receiver may, in its sole and absolute discretion, terminate this Agreement without prior notice:
 - (a) in the event of the continuing default of the Manager in any material respect to perform its duties hereunder, the continuing malfeasance of the Manager which affects the Receiver or the Property in a material way, or in the event of an act of insolvency of the Manager; or
 - (b) in the event of the sale of the Property or the relinquishing of possession of the Premises to the Borrowers or the Lenders, or if the appointment of the Receiver is otherwise terminated.

TERMINATION

7. Notwithstanding any other provision of this Agreement, an early cancellation fee ("ECF") shall be payable by the Owner to the Manager if, for any reason other than a default by Manager under Section 5 hereof, this Agreement is terminated by the Owner prior to the end of the one (1) year term of this Agreement (including in the event the building is sold prior to the end of the one (1) year term). The ECF shall be on top of any fees for services already rendered. The ECF will be:

The remainder of any fees outstanding for the term of the contract assuming the building would be fully rented on 12 month leases as of the following September (i.e. all regular monthly flat fees plus all rental fees based on 100% occupancy as of the following September).

The Owner acknowledges and agrees that such ECF is fair and reasonable given that the benefit of the Manager's expertise will be received by the Owner at the early stages of this business relationship.



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On termination of this Agreement:

- i) The Manager shall within forty five days thereafter render a final accounting to the Owner and pay over any balance in the Manager's account remaining at the credit of the Owner (less any amounts necessary to satisfy commitments made by the Manager to others prior to the date of termination).
- ii) The Manager shall immediately surrender to the Owner all property of the Owner and all documentation pertinent to the continuing operation of the Property, subject to the proviso that the Owner shall reimburse the Manager for any costs in connection with reproduction of documents and information which the Manager, acting reasonably, is of the opinion that it should retain to support or verify its actions during the currency of this Agreement.
- iii) The Owner shall assume the obligations of any and all contracts which the Manager has bona fide made for the purpose of complying with its obligations under this Agreement or otherwise as requested by the Owner.
- iv) The Manager shall deliver to the Receiver all leases, operating contracts, and other records and materials relating to the Properties, including computer discs or similar encoded records; provided that the Manager may elect to retain at its sole expense and on a confidential basis copies of such leases, contracts, records and materials for the purpose and to the extent required in connection with legal proceedings or dealings with any governmental authorities;
- v) The Manager shall pay over to the Receiver all post-dated cheques and monies related to the Property, less any amounts as the Receiver may be obligated to pay to the Manager pursuant to the terms of this Agreement;
- vi) The Manager shall assign to the Receiver all contracts, if any, with third parties that the Manager has entered into in accordance with this Agreement relating to the management of the Property, the Receiver agreeing to assume such contracts and to make reasonable arrangements for the payment of all amounts owing thereunder.
- vii) The Receiver shall indemnify the Manager for all obligations of the Manager arising after such termination in respect of such contracts, except for claims arising by way of any breach by the Manager of any of the provisions of this Agreement.
- viii) generally assist and cooperate with the Receiver in the transitioning of the management of the Property to the Receiver, the Lenders, the Borrowers, another property manager or a purchaser of the Property including, without limitation, the compilation of due diligence materials (such as rent rolls, copies of tax and utility bills, notices of assessment, financial information and surveys,



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plans, drawings and reports in respect of the Properties), the preparation of end of Term financial statements and reconciliations and the preparation of closing adjustments, if and as applicable.

GOVERNMENTAL AUTHORITY

8. 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, 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, and furthermore the Receiver hereby agrees to indemnify and save harmless the Manager from any and all costs, expenses, penalties, fines or damages incurred by the Manager in conjunction with the said governmental order.

NOTICES

9. Any notice, election, demand or request which may be, or which is required to be, given by any party hereto 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 transmitted by electronic mail, such as facsimile, with the date of the transmission being the date of receipt, so long as the transmission is followed up in regular mail, or may be given by mailing the same by pre-paid 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 or the addressee thereof on the third business day following the date when the same was delivered into the custody Canada Post, 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 to be addressed to:

if to the Receiver:

Ira Smith Trustee & Receiver Inc.
167 Applewood Cres.
Suite 6
Concord, ON L4K 4K7
Fax 905-738-9848
Email: ira@irasmithinc.com

Attention: Ira Smith



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if to the Manager:

Domus Student Housing Inc.
295 Weber St. N.
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Fax: 519-342-0697
Email: tarab@domushousing.com

Attention: Ho Tek or Tara Brouwer

ASSIGNMENT

10. The benefit of the provisions of this Agreement shall not be assignable, transferable, or otherwise chargeable by either party without the consent in writing of the other party, but subject to the foregoing, this Agreement shall extend to, enure to the benefit of, and be binding upon the parties hereto and each of their respective successors and permitted assigns. However, the parties hereto acknowledge and agree that the Manager has the right to assign certain managerial duties as specified herein, either in whole or in part, to a third party Sub-management Company so long as the Manager as specified herein maintains a direct relationship with the sub-manager. The Receiver also acknowledges and agrees to that the daily management functions and duties of the Property may operate under a separate entity other than Domus Student Housing Inc. as at the sole discretion of the Manager.

RESTRICTIONS

11. The Manager shall not accept instructions as to the management of the Property from any person other than the Receiver or its properly authorized agents or employees.

SIGNING AUTHORITY

12. The Receiver does hereby authorize the Manager to sign all offers, agreements to lease, leases, amendments to lease and all other contracts and documents in connection with the Property, as permitted by this Agreement.



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ENTIRE AGREEMENT

13. This Agreement embodies the entire agreement of the parties with regard 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.

PAYMENT OF TAXES

14. Any payment required to be made by the Receiver to the Manager pursuant to this Agreement shall be subject to the Owner additionally paying any Harmonized Sales Tax (HST) or other tax payable thereon or imposed by any government having jurisdiction.

PROPERTY/PREMISES/BUILDING

15. In this Agreement "Property", "premises", and "building" are interchangeable unless the context specifically excludes any such interpretation.

MANAGER NOT A GUARANTOR

16. The Manager does not warrant that the Property or any part will be leased during the currency of this Agreement nor that any profits will be enjoyed by the Receiver. The Manager is not a guarantor of any payment required to be made by any other party to the Receiver.

LIMITATION ON MANAGER'S LIABILITY

17. Notwithstanding anything contained in this Agreement, the Manager shall not be liable to the Receiver for any arrears in the collection of rent or other payments due from tenants or anyone with respect to the operation of the Property or as a result of any damage or loss affecting the Property or the operation of its equipment, or for any error in judgement or for anything which it may do or refrain from doing unless any resulting damage, loss, injury or liability has been caused by the negligence of the Manager; nor shall the Manager be liable to the Receiver for the failure to perform any of the obligations set forth in this Agreement if such failure is occasioned by or results from destruction or damage to the Property by fire or other cause, a strike or lockout, a civil commotion or disturbance, an act of God, or any other act or cause which is beyond the reasonable control of the Manager or those for whom it is in law responsible.

ACCOUNTING

18. The Manager shall keep and maintain at a location designated from time to time full, detailed and proper records regarding all financial transactions involved in the management of the building and shall forward it to the Receiver not more than monthly, as requested by the Receiver including a statement of receipts - showing all rental and other



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monies collected and receivable - during the preceding month. All such records shall be made available to the Receiver - - or other designated representatives at reasonable times whenever requested.

INDEMNITY

19. The Receiver shall, during and after the termination of this Agreement, indemnify and save the Manager completely free and harmless of and from any and all damages or injuries to persons or property, or claims, actions, obligations, liabilities, costs, expenses and fees by reason of any cause whatsoever (except due to the negligence of the Manager) related to the Manager carrying out the provisions of this Agreement, acting on the subsequent directions or requests of the Receiver, or anything reasonably done or omitted to be done by the Manager relative to the Property.

CONFIDENTIALITY

20. Each party agrees not to disclose the terms of this Agreement to any person, firm or corporation without the consent of the other party, except that disclosure may be made to advisors, investors and lenders of a party, potential direct or indirect purchasers of a party or of the interest of a party herein, and wherever required by law.

GOVERNING LAW

21. This Agreement shall be governed by and construed in accordance to the laws of the Province of Ontario and the federal laws of Canada applicable therein and each of the parties hereto agrees irrevocably to conform to the exclusive jurisdiction of the Court.

COURT PROTECTION

22. The Manager acknowledges that it is being retained by the Receiver, solely in its capacity as the Receiver. The Receiver advises that there will be an application to Court to have the current receivership proceedings supervised by the Court and if such application is successful, the Receiver will then be appointed by Court Order (the "Appointment Order"). Any protection granted to the Receiver by the Appointment Order, or any subsequent Order of the Court, shall also be granted to the Manager in performing its duties under this Agreement. In that event, the Manager and Receiver agree that this Agreement is subject to the approval of the Court.

The Manager agrees that it must bring to the attention of the Receiver any event which transpires that may lead to any party having a claim against the Property, the Manager or the Receiver. The Manager will cooperate and assist the Receiver in the defence of any such claim at the cost of the Receiver.



*One Source.
Thousands of Options.*

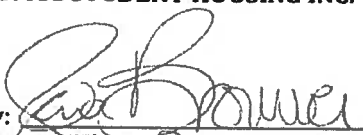
Domus Student Housing Inc.
295 Weber St. N., Unit 7
Waterloo, ON, N2J 3H8

1-855-MY-DOMUS (693-8687)
Rental Hotline: 519-572-0278
Office: 519-342-0608
Fax: 519-342-0697

info@domushousing.com
www.domushousing.com

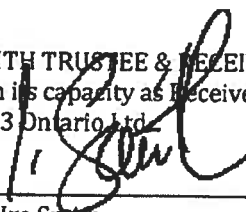
IN WITNESS WHEREOF, the parties hereto have signed this Agreement made as of this 1st day of April, 2013.

DOMUS STUDENT HOUSING INC.

By: 
Name: Tara Brouwer
Title: Partner/President

I have authority to bind the corporation.

IRA SMITH TRUSTEE & RECEIVER INC
solely in its capacity as Receiver & Manager of
1817983 Ontario Ltd.

By: 
Name: Ira Smith
Title: President

I have authority to bind the corporation.



Domus Student Housing Inc.
 295 Weber St. N., Suite 7
 Waterloo, ON N2J 3H8
 519-342-0608
 info@domushousing.com
 www.domushousing.com

Property Management Quote

Prepared for: Ira Smith Trustee & Receiver Inc.

Address: 316 King St. N., Waterloo, ON

Property Management Quote:

\$4250.00/month (flat fee) for the first six (6) months of the Agreement. For the last six (6) months of the Agreement there is no flat fee paid but rather, a management fee equal to three (3) per cent and a restructuring fee equal to two (2) per cent of the ~~net~~ gross rental revenue collected during this second six (6) month period.

Rental Fees:

50% of 1 month's rent per 12 month lease per bedroom

The following bonuses are applicable provided Domus is able to lease the building up to the following levels for September 2013:

In the event Domus is able to get the building 85% rented for September 2013 on 12 month leases, an additional total bonus \$5000.00 will be paid to Domus.

In the event Domus is able to get the building 90% rented for September 2013 on 12 month leases, an additional total bonus of \$10,000.00 will be paid to Domus.

In the event Domus is able to get the building 95% rented (or higher) for September 2013 on 12 month leases, an additional total bonus of \$30,000 will be paid to Domus.

Staffing Fee:

Cost (payroll) of one full-time, onsite staff member until end of September 2013 (at which time we can address whether or not a full-time staff member is still necessary).

Estimate of cost of on-site staff member: ~~\$3000~~ \$3300/month

All above prices subject to HST/cost of payroll deductions as necessary.

These fees cover the following:



**Domus Student Housing Inc.**

295 Weber St. N., Suite 7

Waterloo, ON N2J 3H8

519-342-0608

info@domushousing.com

www.domushousing.com

1. Elevator – co-ordinate with Delta, electrician/plumber to get the sump-pump working properly and get the elevator pits drained in order to get the elevators working again.
2. Fire safety Inspection – get a quote from local providers to get the annual inspection done including sprinklers, extinguishers, and alarms; co-ordinate with tenants to get access for inspection; arrange for monthly fire panel monitoring moving forward.
3. Arrange a complete inspection of the buildings HVACs and mechanical components including all suites, roof top units, elevator & generator.
4. An assessment of the roof drainage and membrane/all flashing/points of water infiltration in building membrane. Collect quotes for necessary repairs.
5. Arrange immediate thorough clean up of all stairwells, public areas including laundry rooms and grounds.
6. Arrange for ongoing interior cleaning and exterior landscaping, snow removal, and grounds maintenance.
7. Establish and communicate a proper recycling/waste management protocol including restricting parking in front of the bins. Review existing contract and confirm lowest price has been obtained (and perhaps switch providers if necessary).
8. Arrange for Coin-o-matic to service laundry facilities and arrange cleaning of lint traps (additional provider).
9. Contact Rogers and ensure internet service will continue and establish billing process to receiver.
10. Review all existing contracts and using the buying power Domus has in the area to obtain the best possible pricing.
11. Find out who owns construction fences surrounding property and arrange removal of fences/reinforce fencing around collapsed slab at back left of building.
12. Parking management plan – since using the parking lot is verboten because of structural concerns establish whether there needs to be an adjustment of grading or dump gravel to deal with the mud on the unimproved lots.
13. Secure access to the building in concert with communicating with all tenants to make sure they have front door keys.
14. Call tenant meeting with receiver to allow Q & A.
15. Arrange inspections of all units and compile a damage deficiency list – make determination re cause of damage (i.e. did the tenant destroy or is the building deteriorating) and start working on fixing things that would be the ordinary responsibility of a landlord.
16. Deal with the penthouse – confirm lease and rent situation and institute a plan to get unit back in habitable order, with or without these tenants. (Their place is filthy, there is garbage piled up in an unusable bathroom and there is sufficient water damage to the place that it should be made inhabitable.)



Domus Student Housing Inc.
 295 Weber St. N., Suite 7
 Waterloo, ON N2J 3H8
 519-342-0608 f
 info@domushousing.com 
 www.domushousing.com 

17. Construct a current rent roll.
18. Collection, administration, and deposit of rent.
19. Administration of monthly invoicing for maintenance, monthly contracts, and rent collection.
20. Manage move-in/move-out process including pre-move out and move-out inspections, key collection, management of key deposit refunds (to be determined), preparation of units for new tenants, key hand-out for new tenants and move-in deficiency list collection and implementation of necessary repairs.
21. Create rental strategy for September 2013. Once rental strategy is approved, implement advertising and marketing, arrange tours, co-ordinate lease signings, deposit collection, and completion of lease packages including guarantors and post-dated cheques.
22. Preparation of ongoing annual operating budget estimate after building has been brought up to good working order and a state of good repair.

In case of a conflict between the terms of the management agreement and this Property Management Quote the terms on this quotation will be applicable.



TAB D

From: Bebe Khan [<mailto:Bebe.Khan@waterloo.ca>]
Sent: May-16-13 2:43 PM
To: Marty Wolfe
Cc: Rick Block; Ronda Werner; Anna lee Sangster; Scott Amos
Subject: RE: 316 King St. N. Site/Building Condition

Hi Marty,

I understand that there is a request to bring the property at 316 King Street North to an acceptable condition for the tenants and preparation for the sale. There is also a proposal for some temporary surface parking on site and the need for a site alteration permit to fill and grade the property.

To help facilitate this request, staff will require plans to be provided to address the 'temporary situation', and advise that the Registered Site Plan Agreement and the approved Site Plan are in place.

It is staff's expectation that if there are proposed changes to the approved site plan, a new approval or an addendum approval will be required. As an interim, the temporary use of a surface parking can be accommodated subject to approval.

Please submit the following:

- Site Alteration Permit
- Grading and Drainage Plan
- Site Plan and temporary landscaping (install a surface parking lot with some low-level landscaping between King Street North and the lot if possible before listing the property).
- Lighting to address safety on the premise.

Further, there is a declining basswood tree that exists near the hydro pole at the southwest corner of the site and the City would like to have it removed. Since this tree is declining, there is an urgency to have it removed. Please contact Bob Balcarras directly at (519-886-2310) to schedule the tree removal by Waterloo North Hydro. There will be some coordination efforts required as the tenants who park under the tree will need to move their vehicles to accommodate the tree removal activity.

Please confirm if the large tree that exist(ed) in the site rear has already been removed.

If you require further clarification please contact me.

■ ■ ■ ■ ■

Bebe Khan, BA, CPT
 Site Plan Coordinator
 Development Services
 City of Waterloo
 100 Regina St. S.
 PO Box 337, Station Waterloo
 Waterloo, On., N2J 4A8
 P: 1.519.747.8759

F: 1.519.747.8646
 TTY: 1.866.786.3941
 E: bebe.khan@waterloo.ca
www.waterloo.ca
www.twitter.com/citywaterloo
www.youtube.com/citywaterloo
www.facebook.com/citywaterloo



The property at 316 King St. N. has been left in a condition that does not meet the requirements of the Building, Site Plan, Zoning and Engineering approvals for the original development. The cancellation of the Addition Building Permit # 12-002022 meant that the site and building had to be returned to a finished state to meet the original occupancy conditions. There is at present no onsite parking and there are incomplete structural renovations leaving a large hole exposing the interior of the parking garage. Proper Construction fencing shall be constructed around this opening to prevent unauthorized entry. The grading was modified to accommodate the new construction and has not been graded or maintained and is causing ponding and water to run into the building. Also the excavation perimeter is continuing to erode and requires work to prevent this. Please contact me to set up a meeting to discuss how and when this site will be returned to a condition that will meet the requirements of the original permit. We also need to meet onsite to assess how the site needs to operate safely for the existing tenants to ensure safe access and exiting. Please call ASAP for this inspection appointment we must have someone on site that can be responsible to ensure any changes necessary will be carried out in a timely manner.

■ ■ ■ ■ ■

Bebe Khan, BA, CPT
 Site Plan Coordinator
 Development Services
 City of Waterloo
 100 Regina St. S.
 PO Box 337, Station Waterloo
 Waterloo, On., N2J 4A8
 P: 1.519.747.8759
 F: 1.519.747.8646
 TTY: 1.866.786.3941
 E: bebe.khan@waterloo.ca
www.waterloo.ca
www.twitter.com/citywaterloo
www.youtube.com/citywaterloo

www.facebook.com/citywaterloo



TAB E



Bernhardt Insurance Service Ltd

151 Ontario Street North, PO Box 2156, Stn C, Kitchener, Ontario N2H 6M1
Tel: (519) 743-8303 Toll Free: (877) 205-7810 Fax: (519) 742-5803 Email: admin@bisl.ca



June 24, 2013

Mr. Brandon Smith
Ira Smith Trustee & Receiver Inc.
c/o 167 Applewood Cres., Suite 6
Concord, ON L4K 4K7

Re: Ira Smith Trustee & Receiver Inc solely in its capacity as court appointed
Receiver and Manager of 1817983 Ontario Ltd.
Location: 314 -318 King Street North (known as 316 King Street North), Waterloo, Ontario
312 and 322 King Street North, Waterloo, Ontario (Vacant Lots)

Dear Sir/Madame:

This is to confirm coverage has been bound with Elliott Special Risks and Beacon Underwriting
for the above mentioned and coverage is as follow:

\$8,312,753 Building – subject to Broad Form & 90% Co-Insurance &- subject to \$2,500 Deductible
\$52,273 Equipment – subject to \$2,500 Deductible
\$700,000 Rental Income – subject to 100% Co-Insurance
Earthquake Endorsement – subject to 3% or minimum Deductible \$100,000
\$100,000 Sewer Backup – subject to \$10,000 Deductible
Flood Endorsement – subject to \$25,000 Deductible
Water Damage – subject to \$10,000 Deductible
Vandalism by tenants – subject to \$10,000 Deductible
\$5,000,000 Owner's Landlord's & Tenant's Liability – subject to Occurrence Basis
– subject to \$1,000 Bodily Injury and
Property Damage deductible

Liability extended to cover the vacant lots at 312 King Street North and 322 King Street North

Total premium	\$25,635.00
Policy Fee	150.00
Provincial Sales Tax	<u>2,062.80</u>
TOTAL	\$27,847.80

Loss payable to Computershare Trust Co. as 1st and 2nd mortgagee; Vector Financial Services Ltd. c/o Goldman, Sloan, Nash & Haber LLP as 3rd and 4th mortgagee; AMK Mortgages Ontario Inc. as 5th mortgagee; effective June 25, 2013 for a period of 30 days or until replaced by a policy, whichever is sooner. The new policy will be forwarded to you as soon as it is received.

Yours very truly,

BERNHARDT INSURANCE SERVICE LIMITED


Per: Simon Wong
Registered Insurance Broker

TAB F

Ira Smith

From: Ira Smith
Sent: March-28-13 1:57 PM
To: chris@downtownfinancial.ca
Cc: Brandon Smith; Marty Wolfe
Subject: Fwd: 1817983 Ontario Ltd. Receivership -Post Dated Cheques

Dear Mr. Christodoulo:

As you know, on March 25, 2013, Ira Smith Trustee & Receiver Inc. was appointed Receiver and Manager of 1817983 Ontario Ltd., including, the Waterloo student residence. You advised our Messrs. Smith and Wolfe that you had no books, records, documents, cheques or other property of the Company in your possession relating to the student housing residence, but rather, it was all at the property manager's office at the residence. We confirm that very little was there, and most of it was dated. There was certainly no post-dated rent cheques.

Yesterday, many tenants advised our Messrs. Smith and Wolfe that they do in fact pay by way of post-dated cheque and that they were given to you. Please see our lawyer's email to your lawyer which has gone unanswered.

Please contact our Mr. Wolfe immediately on his cell phone, 416.508.9748 to arrange for him picking up such cheques. It is possible that you believed they were at the residence, but actually are somewhere else for safekeeping.

The rent cheques must now be delivered to the Receiver, and not attempted to be negotiated by you or any other party.

We look forward to your cooperation.

Ira Smith Trustee & Receiver Inc.
Receiver and Manager of 1817983 Ontario Ltd.

Ira Smith MBA CPA CA CIRP
President
Ira Smith Trustee & Receiver Inc.
Suite 6 - 167 Applewood Crescent, Concord, ON L4K 4K7
www.irasmithinc.com
905.738.4167 x111

Check out our weekly blog - www.irasmithinc.com/blog

Sent from my iPad

Begin forwarded message:

From: "Dominique Michaud" <dmichaud@robapp.com>
Date: 28 March, 2013 11:54:14 AM EDT
To: "Ira Smith" <ira@irasmithinc.com>
Subject: 1817983 Ontario Ltd. Receivership -Post Dated Cheques

Ira:

Can you please pass along this email chain to the Borrower. We sent the email to the Borrower's lawyer but he is on holiday. We cannot communicate directly with the Borrower but as Receiver you are able to correspond with him directly. Accordingly, please pass along this email chain to him so we know he has received the our message.

Thanks

Dom

Dominique Michaud
 Tel: (416) 360-3795

E-mail: dmichaud@robapp.com

**Robins Appleby
 & Taub**

BARRISTERS/SOLICITORS

..--

From: Gehl [<mailto:gehl@gehlgehl.com>]
Sent: March 28, 2013 11:33 AM
To: Dominique Michaud
Subject: RE: 1817983 Ontario Ltd. Receivership -Post Dated Cheques

Hi Dominique,

Please be advised that Mr. Gehl is on holidays.

Maxine

From: Dominique Michaud [<mailto:dmichaud@robapp.com>]
Sent: Thursday, March 28, 2013 11:17 AM
To: 'Gehl'
Cc: 'Ira Smith'; Irving Marks
Subject: 1817983 Ontario Ltd. Receivership -Post Dated Cheques
Importance: High

Mr. Gehl:

You continue to ignore my emails and phone calls. I recognize that you may be busy, but this matter is important and your refusal to properly deal with it is completely inappropriate.

As I have previously advised, your client has failed to provide the Receiver possession of the company's books and records, tenant information and existing insurance coverage information. Your client has also refused to deliver any post dated cheques in its possession. This is in the face of the fact that the Receiver is advised by tenants of the building that they pay rent by way of post dated cheques.

There is a legitimate concern that your client will deposit these cheques and take the rent money that should rightfully be paid to the Receiver. Accordingly, we reiterate our demand that your client deliver the above noted information and post dated cheques to the Receiver immediately. Please note that depositing any post dated cheques would be fraudulent conduct that would carry serious consequences to both 1817983 Ontario Ltd. and to Mr. Christodoulou personally.

We have not sent this email to your client as we have been advised by your client that we should communicate only with you. We trust that you will bring this to his attention. If you are no longer acting for your client, please advise by 5:00 pm today.

Regards,

Dominique Michaud
Tel: (416) 360-3795
E-mail: dmichaud@robapp.com

**Robins Appleby
& Taub**

BARRISTERS/SOLICITORS

..--

From: Dominique Michaud [<mailto:dmichaud@robapp.com>]
Sent: March 26, 2013 3:29 PM
To: 'Gehl'
Cc: 'Ira Smith'; Irving Marks
Subject: RE: 1817983 Ontario Ltd.

Nick:

The Receiver attended at your client's office and the property today and your client was not forthcoming with any information. Specifically he failed to provide the Receiver possession of the company's books and records, tenant and existing insurance coverage information. Your client claims that he does not have this information and that we need to speak to you should we need any further information.

It is inconceivable that your client does not have a record of who he has been collecting rent from and which bank account he has been depositing the funds into. Your client is obstructing the Receiver from carrying out its mandate. Accordingly, I request that you speak to your client and have him turn over this information forthwith.

Lastly, your clients instructions not to allow you to have verbal discussions will result in increased costs. Many of these issues can be easily resolved with a short phone call between counsel as opposed to long emails and letters.

Please contact me as soon as possible.

Dom

Dominique Michaud
Tel: (416) 360-3795
E-mail: dmichaud@robapp.com

Robins Appleby & Taub

BARRISTERS/SOLICITORS

..--

From: Gehl [<mailto:gehl@gehlgehl.com>]
Sent: March 26, 2013 3:05 PM
To: Dominique Michaud
Subject: 1817983 Ontario Ltd.

Hi Dominique,

At this time I have been instructed to respond to written requests only. If this changes in the future I will advise.

Nicholas E. Gehl/mt

Gehl & Gehl Law Office
420 Weber St. N. Ste. F4
Waterloo, ON N2L 4E7
Phone: 519-886-8120

Fax: 519-886-8223

TAB G



167 Applewood Cres. Suite 6, Concord, ON L4K 4K7

Phone: 905.738.4167

Fax: 905.738.9848

irasmithinc.com

Ira Smith

Phone: 905.738.4167 ext. 111

Email: ira@irasmithinc.com

April 29, 2013

VIA EMAIL chris@downtownfinancial.ca and
chris@ddtfc.ca

Mr. C. Christodoulou
c/o Downtown Business Services
1 Queen St. N., Suite 200
Kitchener, ON N2H 2G7

Attention: Mr. C. Christodoulou

Dear Sirs

**In the matter of the receivership of 1817983 Ontario Ltd. (the "Company")
316-318 & 322 North King Street, Waterloo, ON (the "Project")**

As you know, on March 26, 2013, Ira Smith Trustee & Receiver Inc. ("ISI") was privately appointed by Computershare Trust Company of Canada, Trez Capital Corporation and Trez Capital Limited Partnership (the "Applicants") as the Receiver and Manager of the assets, properties and undertakings of the Company, including the Project. As you also know, upon our request of you for all books, records, documents, post-dated cheques and all other information and documentation being property of the Company related to the Project or otherwise, you advised our Messrs. M. Wolfe and B. Smith that you had nothing in your possession. You also advised legal counsel for the Applicants that you would not cooperate.

Subsequent to our appointment, notwithstanding your representations to our Messrs. Wolfe and Smith that you had no property of the Company in your possession, someone attempted to negotiate post-dated rent cheques dated April 2013 that were provided to you by certain

residents of the Project prior to our appointment. Clearly at least post-dated cheques were, and may still be in your possession or control.

You also advised our Messrs. Wolfe and Smith that the books, records and post-dated cheques of the Company were probably located at the office of the former property manager located at the Project. You were subsequently advised that none were located there and to date you have not provided to us any details concerning the location of the books, records and other property of the Company.

On March 28, 2013 we sent you an email regarding the post-dated rent cheques which you have never replied to. We enclose a copy of that email.

Based upon the above and our other findings as to the seriously neglected state we found the Project in, a motion was made to the Ontario Superior Court of Justice (Commercial List) which was heard on April 26, 2013. By Order of the Honourable Mr. Justice Morawetz dated that same day (the "Order"), ISI is now the Court-appointed Receiver and Manager of the assets, properties and undertakings of the Company, including the Project. We enclose a copy of the Order for your information.

We refer specifically to paragraphs 4 and 5 of the Order which state:

"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.

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."

We therefore renew our request that you make immediate arrangements with us in order for us to obtain all of the assets, properties and undertakings of the Company, including but not limited to the following:

1. All post-dated rent cheques in your possession or control.
2. All books and records of the Company, including books of account whether on paper or on software, all bank statements including cancelled cheques and the deposit books for all bank accounts maintained by the Company.
3. All tenant files which should contain, at a minimum, a copy of all respective tenant leases and tenant contact information.
4. The rent roll for the Project.
5. Original invoices and contracts from suppliers and service providers paid and unpaid for calendar years 2012 and 2013 and any work orders issued by any branch of the Municipal and Provincial governments.
6. Corporate income tax returns, financial statements and notices of assessments for 2011 and subsequent year ends.
7. Contact information for the Company's external accountant.
8. Details of any employees, the Company's payroll register and all T4 Statements of Remuneration Paid and summaries for 2011 and subsequent.
9. Any other information, either in electronic or paper copy containing any information relevant to the operation and life safety systems of the Project, including, any environmental studies conducted of the Project.
10. All drawings, plans, permits and other documentation relating to the proposed additional building.

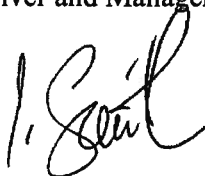
We require that the above noted items be produced within seven (7) business days of the date of this letter. Should we not receive your cooperation and the required documentation as indicated herein, you will be in contempt of the Court Order and we will seek the advice and assistance of our legal counsel to make the appropriate motion to the Court.

We look forward to your immediate cooperation.

Yours truly,

IRA SMITH TRUSTEE & RECEIVER INC.
solely in its capacity as Court-appointed
Receiver and Manager of 1817983 Ontario Ltd.

Per:



Ira Smith
President

enc

cc Mr. N. Gehl, Gehl, Gehl, Barristers & Solicitors - ngehl@gehlgehl.com
Mr. M. Cass, Steinberg Morton Hope & Israel LLP - mcass@smhilaw.com
Messrs. I. Marks and Mr. D. Michaud, Robins, Appleby & Taub LLP –
imarks@robapp.com, dmichaud@robapp.com

TAB H

CITY MANAGEMENT & APPRAISALS (2006) LTD.

ACCREDITED PROFESSIONAL REAL ESTATE APPRAISERS



Appraisal Institute
of Canada

R. James Griesbaum
MBA, AACI, P.App.
President & Industrial-
Commercial Appraiser

Joseph E. Priamo, CRA
Residential Appraiser

APPRAISAL SERVICES:

Residential Appraisals
Commercial, Industrial &
Multiple Residential
Appraisals
Development Lands
Estate Appraisals
Expropriation Appraisals
Marital Settlements
Insurance Valuations
Power of Sale
Foreclosure
Assessment / Tax Appeals
Litigation Support
Arbitration/Mediation
Relocations

May 23, 2013

Ira Smith Trustee & Receiver Inc.
Suite 6 - 167 Applewood Crescent
Concord, Ontario
L4K 4K7

Attention: Mr. Brandon Smith, BA, CIRP Trustee in Bankruptcy, Senior Vice President

Dear Mr. Smith:

Re: Request for Appraisal Quotation for 312, 316-318 & 322 King Street North, Waterloo, Ontario

In regards to your request, we confirm our interest in working with you to provide a Hypothetical Current Market Value Narrative Appraisal Report to estimate the hypothetical current market value of the student residential building and excess lands as if fully leased as of the Effective Date.

We will provide a Hypothetical Current Market Value Narrative Appraisal Report utilizing the Direct Comparison Approach to Value and the Income Approach to Value. Our appraisal will be prepared to comply with the Canadian Uniform Standards of Professional Appraisal Practice – January 1, 2012. It is understood that the intended use of the appraisal report is for Ira Smith Trustee & Receiver Inc. "Solely in its capacity as Court Appointed Receiver of 1817983 Ontario Ltd".

Considering the highest and best use of the Subject Property, zoning issues that may affect the Subject Property and the complexity of the approaches to value, we will require approximately fifteen business days to complete our appraisal report from the time we receive your signed "Authorization to Proceed".

The total appraisal fee is based on the time and work required to complete the appraisal assignment. Our appraisal fee will be ~~\$4,650.00~~ plus disbursements of ~~\$250.00~~ plus HST. The fee together with the disbursements and HST will be due and payable upon completion of the appraisal report.

We thank you for the opportunity to prepare this appraisal quotation for you and await your response. Upon receipt of the signed Authorization to Proceed, we will immediately commence with the appraisal assignment. If you have any questions regarding this proposal, please do not hesitate to contact me.

Respectfully submitted,
City Management & Appraisals (2006) Ltd.

R. James Griesbaum, MBA, AACI, P.App.
President

AUTHORIZATION TO PROCEED

Ira Smith Trustee & Receiver Inc. - "Solely in its capacity as Court Appointed Receiver of 1817983 Ontario Ltd" hereby authorize City Management & Appraisals (2006) Ltd. to prepare a Hypothetical Current Market Value Narrative Appraisal Report for the Subject Property as described above. I agree to pay the appraisal fee as outlined above.

Per:
Client & Title SR. VP

May 28 2013
Date

TAB I

Court No: CV-13-10065-00CL

Estate No: 35-124182

Receiver's Interim Statement of Receipts and Disbursements**IN THE MATTER OF THE RECEIVERSHIP OF****1817983 ONTARIO LTD.****FOR THE PERIOD FROM APRIL 26, 2013 TO JULY 31, 2013****RECEIPTS**

Balance on hand from Private Appointment	\$ 3,860.79
Receiver's Certificate 1	200,000.00
Rent	88,484.00
Laundry Revenue	498.70
Administrative Fees	25.00

TOTAL RECEIPTS:**\$ 292,868.49****DISBURSEMENTS (Inclusive of exigible taxes)**

Insurance	12,301.42
Bank Charges	126.40
Appraisal Fee	5,537.00
Consultants Fees	19,828.70
Utilities	7,294.30
Maintenance, Repairs and Waste Disposal	23,581.75
Property Management Fees	14,230.33

TOTAL DISBURSEMENTS**\$ 82,899.90****AMOUNT ON HAND AS AT JULY 31, 2013****\$ 209,968.59**

TAB J

Court File No. CV-13-10065-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

**TREZ CAPITAL CORPORATION,
TREZ CAPITAL LIMITED PARTNERSHIP and
COMPUTERSHARE TRUST COMPANY OF CANADA**

Applicants

and

1817983 ONTARIO LTD. and CHRISTODOULOS CHRISTODOULOU

Respondent

**AFFIDAVIT OF IRA SMITH
(Sworn August 8, 2013)**

I, Ira Smith, of the City of Vaughan, in the Province of Ontario, **MAKE OATH AND SAY AS FOLLOWS:**

1. I am the President of Ira Smith Trustee & Receiver Inc. ("ISI"), the court-appointed receiver (the "Receiver") of 1817983 Ontario Ltd. (the "Debtor"). As such, I have knowledge of the matters hereinafter deposed to, except where stated to be on information and belief and whereso stated I verily believe it to be true.
2. ISI was appointed Receiver under Private Appointment over all assets, properties and undertakings of the Debtor pursuant to security held by Trez Capital Corporation, Trez Capital Limited Partnership and Computershare Trust Company of Canada on March 25, 2013 (the "Private Appointment").

- 2 -

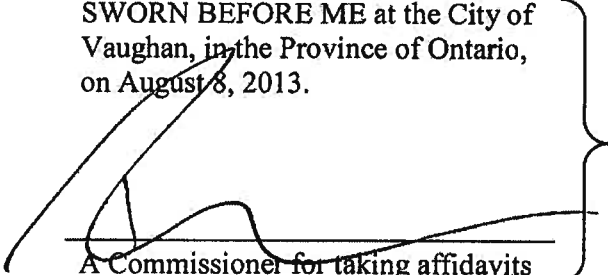
3. ISI was appointed Receiver of all of the assets, properties and undertakings of the Debtor pursuant to an Order of the Ontario Superior Court of Justice (Commercial List) dated April 26, 2013 (the “**Receivership Order**”).
4. Pursuant to paragraph 18 of the Receivership Order, the Receiver and its legal counsel are required to pass their accounts from time to time.
5. Attached hereto and marked as **Exhibit “A”** to this my Affidavit is a summary of the fees charged and accounts rendered by the Receiver in respect of the proceedings (the “**Accounts Summary**”) for the period from March 25 to July 31, 2013 (the “**Time Period**”). A copy of the invoice rendered by the Receiver and referenced in the Accounts Summary is attached to this my Affidavit as **Exhibit “B”**.
6. The Receiver has filed its First Report with this Honourable Court, which outlines, among other things, the Receiver’s overall actions and activities since March 25, 2013, inclusive of actions and activities under taken under the Private Appointment.
7. A total of 260.4 hours were expended by the Receiver in connection with this matter during the Time Period, giving rise to fees totaling \$100,207.50 (excluding HST) for an average hourly rate of \$384.82 and allocated approximately as outlined in the Accounts Summary.
8. To the best of my knowledge, the rates charged by the Receiver throughout the course of these proceedings are comparable to the rates charged by other accounting firms in the Greater Toronto Area for the provision of similar services.
9. The hourly billing rates outlined on the Accounts Summary are the normal hourly rates charged by the Receiver for services rendered in relation to similar proceedings.
10. I verily believe that the Receiver’s accounts are fair and reasonable in the circumstances.
11. Attached as Exhibit “A” to the Affidavit of Michael Cass sworn August 8, 2013 and filed in support of the within motion are copies of the accounts rendered by Steinberg Morton Hope Israel LLP (“**SMHI**”), counsel to the Receiver, for the period from April 26 to August 8, 2013.

- 3 -

12. SMHI has rendered services throughout these proceedings consistent with instructions from the Receiver, the Receiver has approved all such accounts and I verily believe that the fees and disbursements of SMHI are fair and reasonable in the circumstances.

13. The said Affidavit is sworn in connection with the Receiver's motion to have, among other things, its fees and disbursements approved by this Honourable Court and for no improper purpose.

SWORN BEFORE ME at the City of
Vaughan, in the Province of Ontario,
on August 8, 2013.



A Commissioner for taking affidavits



Ira Smith

**Brandon Smith, a Commissioner,
etc., Province of Ontario, for Ira
Smith Trustee & Receiver Inc.,
Trustee in Bankruptcy. Expires
May 2, 2014.**

**FIRST REPORT OF IRA SMITH TRUSTEE & RECEIVER INC.
IN ITS CAPACITY AS COURT-APPOINTED RECEIVER OF
1817983 ONTARIO LTD.**

March 25 to July 31, 2013

Staff Member	Title	Total Hours	Hourly Rate (\$CDN)	Amount Billed (\$CDN)
Ira Smith MBA CPA CA•CIRP, Trustee	President	34.1	450.00	15,345.00
Brandon Smith, BA CIRP, Trustee	Senior Vice-President	78.5	375.00	29,437.50
Martin Wolfe CPA CA	Senior Consultant	<u>147.8</u>	375.00	55,425.00
Total		<u>260.4</u>	Average hourly rate of \$384.82	100,207.50
Disbursements				<u>2,341.71</u>
				<u>102,549.21</u>

This Exhibit ^{"A"} referred to in the
Affidavit of IRA SMITH
Sworn before me this 21 day of August, 2013.


A Commissioner, etc.

Brandon Smith, a Commissioner,
etc., Province of Ontario, for Ira
Smith Trustee & Receiver Inc.,
Trustee in Bankruptcy. Expires
May 2, 2014.



This Exhibit ^{11B} referred to in the
Affidavit of IRA SMITH
Sworn before me this 5th day of August, 2013

Applewood Cres. Suite 6, Concord, ON L4K 4K7
Phone: 905.738.4167
Fax: 905.738.9848
irasmithinc.com

A Commissioner, etc.

R-Waterloo

August 7, 2013

Brandon Smith, a Commissioner,
etc., Province of Ontario, for Ira
Smith Trustee & Receiver Inc.,
Trustee in Bankruptcy Expires
May 2, 2014.

GST/HST # 86236 5699

**IN THE MATTER OF THE RECEIVERSHIP OF
1817983 Ontario Ltd.**

For professional services rendered for the period from March 25 to July 31, 2013 inclusive, in acting as Receiver of 1817983 Ontario Ltd. under Private Appointment and in accordance with the Order of the Ontario Superior Court of Justice (Commercial List) dated April 26, 2013 as follows (detail attached):

<u>Staff</u>	<u>Hourly rate</u>	<u>Hours</u>
I. Smith, President and Trustee	\$450	34.1
B. Smith, Senior Vice-President and Trustee	\$375	78.5
M. Wolfe, CA, Senior Consultant	\$375	<u>147.8</u>
		<u>260.4</u>
		\$ 100,207.50

Disbursements:

Fax	\$ 13.75	
Postage	52.82	
Parking/Mileage/Travel	881.87	
Telephone/Long Distance	215.44	
Locksmith	1,119.83	
PPSA Search	8.00	
Courier	<u>50.00</u>	
		<u>2,341.71</u>
		\$ 102,549.21
	HST	<u>13,331.40</u>
		<u>\$115,880.61</u>

Ira Smith Trustee & Receiver Inc.

Detail Time Sheet

Period from: 25/03/2013 to 31/07/2013

Keyname	Full Estate Name				Amount
Waterloo	In the Matter of the Receivership of 1817983 Ontario Ltd.				
Date	Employee	Hours	Remark		
25/03/2013	Ira Smith		2.7 Various telcons and emails re beginning of new receivership file, engagement and appointment letters, telcon w. Domus property mgt., emails w. legal counsel	1,215.00	
26/03/2013	Brandon Smith		4.5 travel to from and attend at Chris' office and 316 King North	1,687.50	
26/03/2013	Ira Smith		0.4 Disc w. B. Smith and M. Wolfe re attending at office and apartment premises, email to D. Michaud, email from Michaud, email from Christodoulou, email to Michaud	180.00	
26/03/2013	Ira Smith		2.1 Insurance telcons, emails w. legal counsel and Trez, telcon w. Morley Greene, letter to tenants, rvw and changes to letter to CIBC re account freezing	945.00	
26/03/2013	Martin Wolfe		4.5 travel to from & attend at Chris' office and 316 King North	1,687.50	
26/03/2013	Martin Wolfe		0.8 Determine banking info and communicate with CIBC re account freeze	300.00	
26/03/2013	Martin Wolfe		0.2 Disc w. I. Smith and M. Wolfe re attending at office and apartment premises,	75.00	
27/03/2013	Brandon Smith		9.5 travel to from and attend at site to continue site inspection with fire safety inspector, elevator repair, meet tenants, have locks changed	3,562.50	
27/03/2013	Martin Wolfe		9.5 travel to from and attend at site to notify tenants of appointment, circularize rent, meet with tenants to attempt to assemble rent roll	3,562.50	
28/03/2013	Brandon Smith		0.2 corresp w/ delta elevator re deposit requirement	75.00	
28/03/2013	Brandon Smith		5.0 Matters re elevator/prop mgr/ops, corresp w/ tenants/ prep and issue report under s245/246; conf call w/ Trez	1,875.00	

Ira Smith Trustee & Receiver Inc.

Detail Time Sheet

Period from: 25/03/2013 to 31/07/2013

Keyname	Full Estate Name				Amount
Waterloo	In the Matter of the Receivership of 1817983 Ontario Ltd.				
Date	Employee	Hours	Remark	Amount	
28/03/2013	Ira Smith		2.7 Telcon w. B. Smith and M> Wolfe re on site problems and issues, decisions regarding necessary immediate repairs, emails re repairs, email reporting to Trez et al re issues, findings and recommendations	1,215.00	
28/03/2013	Martin Wolfe		9.8 Travel to from site, meet N Mintz, Trez, meet Domus prop mgmt, meet elevator co, meet with tenants, emails CIBC	3,675.00	
29/03/2013	Brandon Smith		1.0 complete memo on site visits	375.00	
29/03/2013	Ira Smith		1.9 Various emails re onsite issues, conf call with Trez et al, telcon with insurance agent	855.00	
29/03/2013	Ira Smith		0.4 Letter to insurance agent re coverage details and adding Receiver as additional named insured	180.00	
31/03/2013	Martin Wolfe		1.3 Prepare memo of Thurs March 28 activities, email replies to tenants, email to Domus	487.50	
01/04/2013	Brandon Smith		2.0 emails and discussions with various parties re ops/PM/Tenants	750.00	
01/04/2013	Ira Smith		2.8 Rvw of memos to file, emails and telcon w. M. Wolfe, emails B. Smith re insurance, email to Trez et al re memos, telcon w. B. Smith re current status and insurance issues	1,260.00	
01/04/2013	Martin Wolfe		9.5 Travel to from site, collect rents, meet with tenants, create rent roll, prepare memo of activities	3,562.50	
02/04/2013	Brandon Smith		4.0 corresp w/ tenants; corresp w/ Marty; corresp w/ Noah; mtg w/ tenants father, rvw docs and respond; send ins. Survey to FCA; corresp re ops and repairs	1,500.00	
02/04/2013	Ira Smith		2.4 Emails w. Trez and communications w. staff regarding issues on site, tenants, property manager, emails w. tenant's father re our appointment letter, stopping payment on cheques and redirecting payments to Receiver	1,080.00	

Ira Smith Trustee & Receiver Inc.

Detail Time Sheet

Period from: 25/03/2013 to 31/07/2013

Keyname	Full Estate Name				Amount
Waterloo	In the Matter of the Receivership of 1817983 Ontario Ltd.				
Date	Employee	Hours	Remark	Amount	
02/04/2013	Martin Wolfe		6.7 Travel to from site, lengthy meeting with Domus, tel N Mintz, create rent roll, collect rents, speak with tenants	2,512.50	
03/04/2013	Brandon Smith		2.0 matters re freezing TD account; discussion w/ Marty re prioritizing matters once Domus engaged; banking re rent collection	750.00	
03/04/2013	Ira Smith		2.1 Communications w. staff re property manager, repair and tenant issues	945.00	
03/04/2013	Ira Smith		2.1 Rvw and changes to Domus draft property management agreement	945.00	
03/04/2013	Martin Wolfe		0.2 series of emails re elevator repairs	75.00	
03/04/2013	Martin Wolfe		1.8 review and make changes draft mgmt agreement with Domus	675.00	
03/04/2013	Martin Wolfe		0.6 Tenant matters emails and phone calls	225.00	
03/04/2013	Martin Wolfe		0.4 summarize rents collected and update rent roll	150.00	
03/04/2013	Martin Wolfe		0.3 meet with B Smith re overview of matters	112.50	
04/04/2013	Ira Smith		0.4 Finalize Domus draft property management agreement and email to Trez and legal counsel	180.00	
04/04/2013	Ira Smith		2.6 Various communications re property management agreement, review of and changes to property management agreement	1,170.00	
04/04/2013	Martin Wolfe		1.6 finalizing management agreement with Domus (not completed)	600.00	
05/04/2013	Martin Wolfe		4.8 Travel to from site, meet Domus, finalize mgmt agreement, turn over keys	1,800.00	
05/04/2013	Martin Wolfe		0.7 address tenant matters, phone calls, emails	262.50	
05/04/2013	Martin Wolfe		0.8 various emails reporting activity	300.00	
08/04/2013	Martin Wolfe		7.2 Travel to from site. Meet N Mintz, Domus, emails & tcs w/tenants, update I Smith	2,700.00	

Ira Smith Trustee & Receiver Inc.

Detail Time Sheet

Period from: 25/03/2013 to 31/07/2013

Keyname	Full Estate Name	Date	Employee	Hours	Remark	Amount
Waterloo	In the Matter of the Receivership of 1817983 Ontario Ltd.	09/04/2013	Martin Wolfe		6.3 various emails/phone re maintenance, bldg issues, tenants & transition to Domus	2,362.50
		10/04/2013	Ira Smith		0.8 Rvw email from insurance finance group, discs w. M. Wolfe, telcon w. R. Mandowsky and arranging site visit next Tuesday, rvw of M. Wolfe memo	360.00
		10/04/2013	Martin Wolfe		5.2 various emails, phone & memos re maintenance, fire dept, Domus	1,950.00
		11/04/2013	Martin Wolfe		4.2 emails\phone Rick Block Bldg Dept , Domus, Rogers, Ira, maintenance	1,575.00
		12/04/2013	Martin Wolfe		3.2 numerous emails & phone re elevator, planning dept, maintenance, searching phone numbers, Rogers	1,200.00
		15/04/2013	Brandon Smith		0.6 discussion w/ m. Wolfe re Prop Mgmt and operational issues	225.00
		15/04/2013	Ira Smith		0.6 Review and changes to request by Domus re Management Agreement and amendments for upcoming Court appointment, disc w. M. Wolfe	270.00
		15/04/2013	Martin Wolfe		3.1 meet with B Smith re property mgmt & operational issues, emails T Brouwer re mgmt agreement, emails to/from property mgr	1,162.50
		16/04/2013	Brandon Smith		5.0 travel to from and attend at site for meeting with Pelican Woodcliff and City of Waterloo Inspector	1,875.00
		16/04/2013	Martin Wolfe		5.0 to /from site, meet with City planning dept, Pelican Woodcliff	1,875.00
		17/04/2013	Martin Wolfe		1.8 phone calls & emails Rogers re service, emails to property mgr re tenant & maintenance issues,	675.00
		18/04/2013	Martin Wolfe		1.4 emails Rogers, tenants, tc/w Domus re property issues	525.00
		19/04/2013	Martin Wolfe		2.1 communications with property manager re fire equipment, elevator, certain tenants: Union Gas, S Petrie, Rogers	787.50

Ira Smith Trustee & Receiver Inc.

Detail Time Sheet

Period from: 25/03/2013 to 31/07/2013

Keyname	Full Estate Name	Date	Employee	Hours	Remark	Amount
Waterloo	In the Matter of the Receivership of 1817983 Ontario Ltd.	22/04/2013	Martin Wolfe		0.8 communications with property manager	300.00
		23/04/2013	Brandon Smith		2.0 mtgs w/ Ira and Marty re status; rvw and respond to M. Meyer re various tenant matters in unit 303	750.00
		23/04/2013	Ira Smith		0.4 Discussions w. M. Wolfe and B. Smith re current status re telephone, internet, Dover contract	180.00
		23/04/2013	Ira Smith		0.3 Rvw of proposed PWI agreement and email to Trez and lawyers	135.00
		23/04/2013	Martin Wolfe		1.8 communication w Rogers, re reconnect services, numerous emails & tel with Domus re property matters	675.00
		23/04/2013	Martin Wolfe		0.5 mtgs w/ Ira and Brandon re status;	187.50
		24/04/2013	Brandon Smith		0.2 rcv rent from tenant parent, update rent roll, advise M. Wolfe and rqst lease copy	75.00
		24/04/2013	Martin Wolfe		2.3 tel T Brouwer re property matters, complete mgmt contract, emails to/from property manager/review report	862.50
		25/04/2013	Brandon Smith		2.0 corresp re landlord tenant matters	750.00
		25/04/2013	Ira Smith		0.7 Various emails re Court tomorrow, amendments requested by Vector to appointment order, telcon w. D. Michaud re Court tomorrow, emails re indep counsel, telcon w. M. Cass, emails with motion record to M. Cass	315.00
		25/04/2013	Martin Wolfe		1.5 tel & emails Union Gas, emails property mgr.	562.50
		26/04/2013	Brandon Smith		2.0 corresp re landlord tenant matters; rvw Pelican proposal and domus report	750.00
		26/04/2013	Martin Wolfe		1.3 prepare letter to CMA Realty to terminate listing, emails Union Gas, property manager	487.50
		29/04/2013	Martin Wolfe		1.0 prepare demand letter to C Christodoulou, emails property mgr	375.00
		30/04/2013	Brandon Smith		0.2 email to TD re freeze account	75.00

Ira Smith Trustee & Receiver Inc.

Detail Time Sheet

Period from: 25/03/2013 to 31/07/2013

Keyname	Full Estate Name	Date	Employee	Hours	Remark	Amount
Waterloo	In the Matter of the Receivership of 1817983 Ontario Ltd.					
		01/05/2013	Brandon Smith		1.0 discuss termination requests w/ M. Wolfe and I. Smith; discuss PM matters w/ M. Wolfe; emails re tenant matters; emails re PW	375.00
		01/05/2013	Ira Smith		0.4 Disc w. B. Smith and M. Wolfe re tenants, rents collected, rent roll, requests for lease termination	180.00
		01/05/2013	Ira Smith		1.2 Letter to C. Christodoulou re assets, properties and undertakings of the Company and enclosing Court Order et al	540.00
		01/05/2013	Martin Wolfe		2.0 rw rent roll & queried Domus; Discussion w. B. Smith and B Smith re tenants, rents collected, rent roll, requests for lease termination	750.00
		02/05/2013	Brandon Smith		1.0 mtg w/ Marty and ira; call with Marty and Noah to brief on current situation; emails re PW attendance	375.00
		02/05/2013	Ira Smith		0.4 Email from D. Michaud re N. Mintz queries; email to N. Mintz with answers and cc legal counsel et al	180.00
		02/05/2013	Ira Smith		0.3 Disc w. B. Smith and M. Wolfe prior to their call w. N. Mintz to go over issues and recommendations	135.00
		02/05/2013	Martin Wolfe		1.4 email & phone w/ Domus re budget prep, reporting and tenant issues, disc w/I & B Smith re N Mintz phone call & call w/N Mintz	525.00
		03/05/2013	Ira Smith		0.4 Disc w. B. Smith and M. Wolfe re current status, telcon w. M. Green re rent roll and budget status	180.00
		03/05/2013	Martin Wolfe		0.5 discuss current status I Smith & B Smith, tel T Brouwer	187.50
		06/05/2013	Brandon Smith		0.7 mtg w/ M. Wolfe re PM matters; emails w/ Tara/PW re hvac; update bank position for domus budgeting; corresp w/ ins re premium status	262.50

Ira Smith Trustee & Receiver Inc.

Detail Time Sheet

Period from: 25/03/2013 to 31/07/2013

Keyname	Full Estate Name	Date	Employee	Hours	Remark	Amount
Waterloo	In the Matter of the Receivership of 1817983 Ontario Ltd.					
		06/05/2013	Brandon Smith		1.0 TC from agent for pot purch - adv no plan in process but ref to website, submit NBLI or contact so we can include; corresp w/ city to update on activities and request all clear re fire violations	375.00
		06/05/2013	Martin Wolfe		1.5 series of emails with prop mgr re maintenance, contracts, tenant matters,	562.50
		07/05/2013	Brandon Smith		0.2 discussion w/ Marty re rent abatement incentives	75.00
		07/05/2013	Martin Wolfe		0.8 series of emails with prop mgr re property & tenant issues,	300.00
		08/05/2013	Brandon Smith		1.3 EMAILS RE PM/TENANT MATTERS; EMAILS W/ FIRE DEPT; EMAILS W/ PW	487.50
		08/05/2013	Martin Wolfe		0.7 tel M Cass, emails to/from property manager	262.50
		09/05/2013	Martin Wolfe		2.4 rvw budget and tel Tara re budget and tenant matters & rent roll adj.	900.00
		10/05/2013	Brandon Smith		0.5 mtg w/ Marty to rvw draft budget; TC w/ Tara re tenant matters	187.50
		10/05/2013	Brandon Smith		0.3 budget and rent roll mtg	112.50
		10/05/2013	Ira Smith		0.8 Telcon w. M. Green re status and sale options, telcon w. N. Bertucci, TD Bank Bankruptcy Group, email to N. Bertucci, rvw and discussion of draft budget and rent roll w. B. Smith and M. Wolfe	360.00
		10/05/2013	Martin Wolfe		1.8 adj budget, review with I Smith,	675.00
		13/05/2013	Brandon Smith		0.5 Property mgmt/tenant matters - advise domus; rvw draft budget w/ Marty	187.50
		13/05/2013	Martin Wolfe		4.5 send adjusted Budget to Domus, and finalize, review rent roll	1,687.50
		14/05/2013	Martin Wolfe		5.6 rvw unit condition reports and tie into rent roll, prepare rent summary, confirm # units rented and vacancies	2,100.00
		15/05/2013	Brandon Smith		0.5 call w/ j. griesbaum property appraisal; emails re wastemgmt	187.50

Ira Smith Trustee & Receiver Inc.

Detail Time Sheet

Period from: 25/03/2013 to 31/07/2013

Keyname	Full Estate Name				Amount
Waterloo	In the Matter of the Receivership of 1817983 Ontario Ltd.				
Date	Employee	Hours	Remark		
15/05/2013	Brandon Smith		2.0 mtg w/ Marty re rent roll reconciliation and presentation; instructions to domus re presentation and no tolerance for gaps and unknowns; rework rent roll for presentation; draft letter to tenants re compliance with order for lease production	750.00	
15/05/2013	Martin Wolfe		0.5 r/w rent roll with B Smith	187.50	
16/05/2013	Brandon Smith		0.2 TC w/ C.HO re Chris scooping chqs and leaving TD 16K short xfering out while being warned not to negotiate post dated	75.00	
16/05/2013	Brandon Smith		0.5 corresp w/ domus re tenant issues; rcv inv for maint and pay	187.50	
16/05/2013	Martin Wolfe		0.2 emails B Khan, Waterloo planning dept	75.00	
16/05/2013	Martin Wolfe		0.2 email C Christodoulou	75.00	
16/05/2013	Martin Wolfe		0.4 various emails to/from Property Manager	150.00	
17/05/2013	Martin Wolfe		0.3 emails Property Manager	112.50	
21/05/2013	Brandon Smith		1.5 review PW interim safety report; review draft tender material for parking; circulate and issue queries to PW re costs and alternatives; issue maintenance requests to Domus and ask for summary of in unit deficiencies as well as quotes to remediate	562.50	
21/05/2013	Brandon Smith		0.2 email to grace to f/u re replacement insurance coverage; email to appraiser re follow up proposal request	75.00	
21/05/2013	Brandon Smith		0.2 emails w/ PW re tendering process	75.00	
22/05/2013	Martin Wolfe		0.5 phone & emails J Fowler, Waterloo Hydro de deposits	187.50	
23/05/2013	Ira Smith		0.3 Telcon w. C. Christodoulou	135.00	
23/05/2013	Martin Wolfe		0.3 emails Andrew (former building owner)	112.50	
24/05/2013	Brandon Smith		0.7 fwd appraisal fee quote to Trez for comment and approval; corresp w/ Noah re PW interim rpt; refine tenant ltr and send to James with action list for next wk	262.50	
27/05/2013	Brandon Smith		0.2 corresp w/ PM re N4s/evictions	75.00	

Ira Smith Trustee & Receiver Inc.

Detail Time Sheet

Period from: 25/03/2013 to 31/07/2013

Keyname	Full Estate Name			Amount
Waterloo	In the Matter of the Receivership of 1817983 Ontario Ltd.			
Date	Employee	Hours	Remark	Amount
28/05/2013	Brandon Smith		0.4 PM matters; emails discussion w/ m wolfe & domus; issue pmt for service invoices	150.00
31/05/2013	Martin Wolfe		0.5 review rent roll to May 31 and reply re maintenance issues	187.50
03/06/2013	Brandon Smith		1.5 rvw pelican report on building condition; misc. emails re rent pmts; corresp w/ domus re chiller inspection - damage and roof repairs	562.50
03/06/2013	Ira Smith		1.8 Rvw of WIP and issuance of detailed billing as at May 31, 2013, prep of transmittal letter and emailing billing package	810.00
05/06/2013	Brandon Smith		0.2 corresp w/ creditor	75.00
05/06/2013	Brandon Smith		0.2 rvw email re tender conditions for parking lot work	75.00
05/06/2013	Martin Wolfe		0.2 Tel Rogers re billing	75.00
06/06/2013	Brandon Smith		0.3 issue pmt on invoices	112.50
06/06/2013	Brandon Smith		0.3 review options/quotes and instruct insurance agent to proceed with 27K premium, financed, 2500 deduct	112.50
07/06/2013	Brandon Smith		0.4 TC w/ creditor; rvw and send back hand changes to insurance application	150.00
10/06/2013	Brandon Smith		0.3 issue pmt to waste mgmt; corresp w/ domus re nsf chq	112.50
10/06/2013	Brandon Smith		0.3 review of corresp w/ prop mgr re tenant and site matters; discussion w/ Marty re similar	112.50
11/06/2013	Brandon Smith		0.6 review rent roll w/ M. Wolfe, send comments and instructions to domus; other corresp re PM matters	225.00
11/06/2013	Martin Wolfe		0.3 review rent roll with B Smith	112.50
12/06/2013	Brandon Smith		0.6 rvw invoices and reports from domus, corresp re PM matters incl fire inspection deficiencies; issue pmts; sign insurance application and issue pmt fro premium	225.00

Ira Smith Trustee & Receiver Inc.

Detail Time Sheet

Period from: 25/03/2013 to 31/07/2013

Keyname	Full Estate Name			Amount
Waterloo	In the Matter of the Receivership of 1817983 Ontario Ltd.			
Date	Employee	Hours	Remark	Amount
13/06/2013	Brandon Smith		1.0 rvw PW parking lot bids; corresp w/ domus re need for reporting and quotes; corresp w/ appraiser re status	375.00
18/06/2013	Ira Smith		0.4 issues re insurance and hydro security deposit	180.00
18/06/2013	Martin Wolfe		0.5 review of marketing plan	187.50
18/06/2013	Martin Wolfe		0.4 communication J Forler re waiving Hydro Deposit	150.00
19/06/2013	Ira Smith		0.3 Discussions w. M. Wolfe re issuance of rental proposal to Trez to gauge support for Receiver's recommendation	135.00
19/06/2013	Ira Smith		0.4 Final review and amendments to Receiver's recommendation re leasing of residence through Domus	180.00
19/06/2013	Martin Wolfe		0.5 further discussion with Domus re marketing plan	187.50
19/06/2013	Martin Wolfe		0.6 preparation of memo re marketing to Trez for approval	225.00
20/06/2013	Brandon Smith		0.5 work out NOI presentation and budget w/ Marty	187.50
20/06/2013	Martin Wolfe		4.5 preparation of budget for Waterloo based on various scenarios	1,687.50
21/06/2013	Ira Smith		0.6 Rcpt and rvw of appraisal	270.00
24/06/2013	Brandon Smith		0.5 rvw real estate appraisal	187.50
24/06/2013	Ira Smith		0.3 Email from and reply to Dom Michaud	135.00
24/06/2013	Ira Smith		0.4 Rcpt and rvw of email from D. Michaud and reply re timing of sale of asset	180.00
24/06/2013	Martin Wolfe		2.0 budget revisions and NOI calculation	750.00
24/06/2013	Martin Wolfe		0.2 communications with Domus re estimates	75.00
25/06/2013	Martin Wolfe		0.5 phone & email N Mintz re budget	187.50
26/06/2013	Brandon Smith		0.3 rvw quotes for roof and circulate to PWI for commentary and request defined scope of work	112.50
26/06/2013	Martin Wolfe		0.4 various communications with Trez re marketing plan	150.00
27/06/2013	Brandon Smith		0.5 discussion w/ Marty re prop mgmt matters; review quotes for capital items and summarize in email to Noah	187.50

Ira Smith Trustee & Receiver Inc.

Detail Time Sheet

Period from: 25/03/2013 to 31/07/2013

Keyname	Full Estate Name			
Waterloo	In the Matter of the Receivership of 1817983 Ontario Ltd.			
Date	Employee	Hours	Remark	Amount
27/06/2013	Martin Wolfe		0.3 emails Domus re no air conditioning	112.50
28/06/2013	Martin Wolfe		0.5 phone & emails Domus re flooding	187.50
03/07/2013	Martin Wolfe		1.8 series of emails T Brower re rent schedule strategy	675.00
03/07/2013	Martin Wolfe		0.4 tel & email Mr. Meyer	150.00
04/07/2013	Martin Wolfe		0.5 emails B Vint Delta Elevator re repairs, credit accomadation, contract	187.50
04/07/2013	Martin Wolfe		0.5 emails T Brower & N Mintz re finalization of rental strategy	187.50
04/07/2013	Martin Wolfe		0.3 emails J Messecar re repairs and maintenance problems	112.50
05/07/2013	Brandon Smith		0.5 time involved in PM flooding matters	187.50
08/07/2013	Martin Wolfe		0.8 emails & phone Domus re LTB hearing re penthouse	300.00
09/07/2013	Martin Wolfe		0.5 email L Ramsyack Rogers re internet account	187.50
09/07/2013	Martin Wolfe		1.3 series of emails J Messecar, T Brower re LTB hearing and give instructions re para-legal conflict of interest	487.50
10/07/2013	Brandon Smith		1.0 review payables and capital work quotations; update summary and resend prelim funding request to Trez; corresp w. PW re flooding and request for oversight; rvw w/ M wolfe rent roll, queries for prp mgr and status of PH LTB	375.00
10/07/2013	Ira Smith		0.2 Disc w. M. Wolfe re rental tribunal yesterday, offer to settle from tenant received today	90.00
10/07/2013	Ira Smith		0.3 Rvw of paralegal's notes, offer to settle and advice to M. Wolfe re settlement	135.00
10/07/2013	Martin Wolfe		2.5 phone, emails, M Cass, T Brower, J Messecar re LTB hearing	937.50
11/07/2013	Brandon Smith		0.1 rvw corresp re rent roll and comment	37.50
11/07/2013	Brandon Smith		0.6 rvw engineers report re drainage and PW recommendations; contact conestogo	225.00
11/07/2013	Martin Wolfe		1.2 review June rent roll and make enquiries of property manager	450.00

Ira Smith Trustee & Receiver Inc.

Detail Time Sheet

Period from: 25/03/2013 to 31/07/2013

Keyname	Full Estate Name			
Waterloo	In the Matter of the Receivership of 1817983 Ontario Ltd.			
Date	Employee	Hours	Remark	Amount
12/07/2013	Martin Wolfe		0.3 emails M Cass re LTB hearing	112.50
14/07/2013	Martin Wolfe		0.5 tel & emails J Messecar re tenant death	187.50
15/07/2013	Brandon Smith		0.2 draft rcvr cert for borrowing to complete capital repairs	75.00
15/07/2013	Brandon Smith		1.0 correspondence with property manager and insurance co re suicide in unit 702	375.00
16/07/2013	Brandon Smith		0.6 corresp w/ prop mgr re suicide, insurance claim, chiller and tenant matters	225.00
17/07/2013	Brandon Smith		0.2 PM/leasing/insurance corresp	75.00
18/07/2013	Brandon Smith		0.4 corresp re settling w/ PH tenant and Muylal NSF chq	150.00
18/07/2013	Brandon Smith		0.3 reconciliation and pmt of utils and insurance	112.50
23/07/2013	Brandon Smith		2.0 rcv funding for cap expenditure; corresp w/ PW and James re mobilizing contractors; rcpt rvw, edit and transmit settlement agmt for PH	750.00
23/07/2013	Ira Smith		0.2 Rvw and changes to draft D'Costa termination agreement re penthouse tenancy	90.00
29/07/2013	Brandon Smith		6.0 drafting 1st report; corresp w/ Cass and domus re LTB hearing	2,250.00
30/07/2013	Brandon Smith		2.0 continuation of 1st report	750.00
31/07/2013	Brandon Smith		3.0 finalize first draft of 1st report	1,125.00
		260.4		100,207.50
Employee				Amount
	Ira Smith	34.1		15,345.00
	Brandon Smith	78.5		29,437.50
	Martin Wolfe	147.8		55,425.00
		260.4		100,207.50
Average Hourly Rate:				\$

TREZ CAPITAL CORPORATION,
TREZ CAPITAL LIMITED PARTNERSHIP and
COMPUTERSHARE TRUST COMPANY OF
CANADA

1817983 ONTARIO LTD. and CHRISTODOULOS
CHRISTODOULOU

And

Respondent

Applicants

Court File No.: CV-13-10065-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
- COMMERCIAL LIST -**

Proceeding commenced at Toronto

**AFFIDAVIT OF IRA SMITH
(Sworn August 8, 2013)**

Ira Smith Trustee & Receiver Inc.
167 Applewood Crescent, Suite 6
Concord, ON L4K 4K7

Ira Smith MBA CPA CA•CIRP, Trustee
Tel: 905-738-4167
Fax: 905-738-9848

**Court-appointed receiver of
1817983 Ontario Ltd.**

TAB K

Court File No. CV-13-10065-00 CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

**TREZ CAPITAL CORPORATION,
TREZ CAPITAL LIMITED PARTNERSHIP and
COMPUTERSHARE TRUST COMPANY OF CANADA**

Plaintiffs

and

1817983 ONTARIO LTD. and CHRISTODOULOS CHRISTODOULOU

Defendants

**AFFIDAVIT OF MICHAEL CASS
Sworn August 8, 2013**

I, Michael Cass, of the City of Vaughan, in the Regional Municipality of York, barrister and solicitor, MAKE OATH AND SAY:

1. I am a member of the law firm of Steinberg Morton Hope & Israel LLP ("SMHI"), the lawyers for the court appointed receiver, Ira Smith Trustee & Receiver Inc., of the defendant, 1817983 Ontario Ltd. (the "Debtor"), and, as such, have knowledge of the matters contained in this affidavit.

2. Pursuant to the Order of the Honourable Mr. Justice Morawetz dated April 26, 2013 (the "Appointment Order"), Ira Smith Trustee & Receiver Inc. was appointed as Receiver of all the properties, undertakings and assets (the "Property") of the defendant as more particularly described in the Appointment Order.

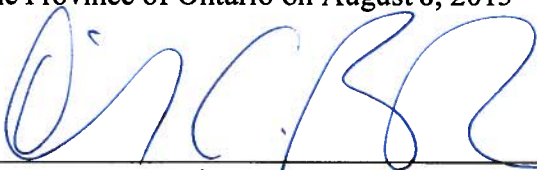
-2-

3. This affidavit is made in connection with the Receiver's motion for, *inter alia*, the approval of the fees and disbursements of SMHI with respect to legal services rendered as independent counsel to the Receiver in connection with the receivership proceedings during the period from April 26, 2013 to August 8, 2013 (the "Period"). Attached hereto as **Exhibit "A"** is a record of the legal services rendered by SMHI to the Receiver together with the disbursements incurred in connection therewith for the Period. To the best of my knowledge, the Record attached as Exhibit "A" provides a fair and accurate description of the activities undertaken and the services rendered by SMHI on behalf of the Receiver during the Period.

4. Attached hereto as **Exhibit "B"** is a summary of the names, years of call (where applicable), hourly rates and time expended by the lawyers and other professionals at SMHI whose services are reflected in the time dockets in Exhibit "A".

5. To the best of my knowledge, the rates charged by SMHI are comparable to the rates charged for the provision of services of a similar nature and complexity by other small to medium sized law firms in the Toronto market.

SWORN BEFORE ME at the City of Toronto,
in the Province of Ontario on August 8, 2013



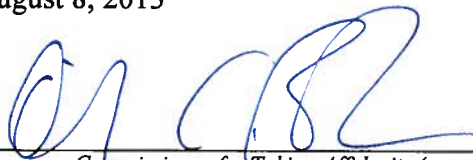
Commissioner for Taking Affidavits
(or as may be)

DAVID BROOKER



MICHAEL CASS

This is Exhibit "A" referred to in the Affidavit of Michael Cass
sworn August 8, 2013



Commissioner for Taking Affidavits (or as may be)

DAVID A. BROOKER

Steinberg Morton Hope & Israel LLP

RE: Receivership of 1817983 Ontario Ltd.
Ira Smith Trustee & Receiver Inc.

DATE	LAWYER	DESCRIPTION	TIME	VALUE
May 6/13	MC	Telephone call with I. Smith re file and status of retainer;	0.30	142.50
May 7/13	DB	Conference with M. Cass re retainer issues;	0.30	142.50
	MC	Review receivership material;	0.40	190.00
	MC	Meeting with D. Brooker re status of retainer;	0.30	142.50
	MC	Email with I. Smith re Hydro easement; telephone discussion;	0.30	142.50
May 8/13	MC	Review correspondence and transfer documentation re email;	0.40	190.00
	MC	Telephone call with I. Smith; memo re easement; telephone call with M. Wolfe re location;	0.70	332.50
May 9/13	DB	Conference with M. Cass re title issues;	0.40	190.00
	MC	Order search of title; review search of title; report to I. Smith and D. Brooker;	0.70	332.50
May 14/13	MC	Telephone call with I. Smith re issues of owner access and options;	0.30	142.50
May 15/13	MC	Legal research; draft notice prohibiting entry; forward copy to I. Smith;	0.50	237.50
	MC	Telephone call with I. Smith re completion and service options;	0.30	142.50
Jul 10/13	MC	Telephone discussion with M. Wolfe re penthouse tenancy;	0.30	142.50
	MC	Telephone discussion with M. Wolfe; memo with opinion;	0.40	190.00
	MC	Email from M. Wolfe re status and queries;	0.20	95.00
	MC	Receipt and review of correspondence and material re paralegal and hearing;	0.30	142.50
Jul 11/13	MC	Opinion to M. Wolfe re steps and answers to queries;	0.30	142.50
	MC	Response from I. Smith;	0.10	47.50
Jul 16/13	DB	Review of file; email exchange with counsel re date for 9:30 list and motion;	1.50	712.50
Jul 17/13	DB	Exchange of email with counsel re date for 9:30 and motion; email to I. Smith; review of request form;	0.50	237.50

Jul 19/13	DB	Email exchange with counsel re appointment;	0.10	47.50
Jul 22/13	MC	Follow up with B. Smith;	0.20	95.00
Jul 23/13	DB	Attendance at Commercial List 9:30 appointment (including travel); email to counsel;	3.20	1,520.00
	MC	Review email and B. Smith's amendments;	0.30	142.50
	MC	Correspondence to and from B. Smith re process and attendance before tribunal;	0.40	190.00
	MC	Draft Termination Agreement and release - review and amend;	0.60	285.00
Jul 25/13	MC	Telephone discussion with B. Smith re attendance;	0.20	95.00
Jul 29/13	MC	Telephone discussion with property manager; review case law and process at attendance;	0.30	142.50
	MC	Telephone discussion with B. Smith re tribunal;	0.20	95.00
Jul 30/13	MC	Report from property manager and correspondence from B. Smith;	0.20	95.00
Aug 7/13	DB	Review of file; draft of motion materials; review of draft of portion of First Report; review of email to Trez;	2.40	1,140.00
	DB	Review of draft First Report; email to I. Smith re First Report;	1.00	475.00
Aug 8/13	DB	Further review and revision of First Report; telephone conversation with I. Smith re First Report and motion record; review and revision of motion materials including notice of motion and order; email of draft motion documents to I. Smith; review of emails from I. Smith re revisions to motion materials; further revision of motion materials; conference with M. Cass re affidavit on fees and disbursements; conference with assistant re motion record;	3.00	1,425.00
	MC	Review draft report and notes; discussions with D. Brooker;	1.00	475.00
TIME TOTAL			21.60	\$10,260.00

DISBURSEMENTS

Teraview Search	22.00
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Photocopies	46.00
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Teraview Search *	10.00
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* tax exempt

DISBURSEMENT TOTAL	\$78.00
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This is Exhibit "B" referred to in the Affidavit of Michael Cass
sworn August 8, 2013



Commissioner for Taking Affidavits (or as may be)

DAVID A. BROOKER

**Fees and Disbursements Summary of Steinberg Morton Hope & Israel LLP
for the period from April 26, 2013 to August 8, 2013**

Name of Professional	Initial	Year of Call	Hourly Rate	Total Hours Billed	Total Fees Billed
David A. Brooker	DB	1994	\$475.00	12.4	\$ 5,890.00
Michael Cass	MC	1967	\$475.00	9.2	\$ 4,370.00
Total Fees					\$ 10,260.00
Total Disbursements					\$ 78.00
Total Fees and Disbursements excluding HST					\$ 10,338.00
HST					\$ 1,342.64
Total Fees and Disbursements including HST					\$ 11,680.64

TREZ CAPITAL CORPORATION ET AL
Plaintiffs

-and-

1817983 ONTARIO LTD. ET AL
Defendants
Court File No. CV-13-10065-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

PROCEEDING COMMENCED AT
TORONTO

AFFIDAVIT OF MICHAEL CASS
SWORN AUGUST 8, 2013

STEINBERG MORTON HOPE & ISRAEL LLP
Barristers & Solicitors
5255 Yonge Street, Suite 1100
Toronto, Ontario
M2N 6P4

David A. Brooker (35787W)
Tel: 416-225-2777
Fax: 416-225-7112

Lawyers for
Ira Smith Trustee & Receiver Inc.,
the court appointed receiver
of the respondent 1598490 Ontario Limited

RCP-E 4C (July 1, 2007)

TAB L

- (e) The list of creditors of the insolvent company including above noted secured creditors and the amount owed to each creditor and the total amount due by the insolvent company, based on the information currently available to the Receiver, is as followsⁱ:

See attached list.

- (f) The intended plan of action of the Receiver is as follows:

The Receiver is currently developing a plan of action to maximize the realization on the assets for Trez Capital Corporation, Trez Capital Limited Partnership and Computershare Trust Company of Canada.

- (g) Contact person for the Receiver: Brandon Smith
Telephone 905-738-4167 ext. 113
Fax 905-738-9848
Email: brandon@irasmithinc.com

DATED at Concord, Ontario, this 28th day of March, 2013

Yours truly,

IRA SMITH TRUSTEE & RECEIVER INC.,
Solely in its capacity as Receiver of the assets,
undertakings and properties of 1817983 Ontario Ltd.

Per:



Brandon Smith, CIRP
Senior Vice-President

ⁱ This list is tentative and subject to change.

**In the Matter of the Receivership of
1817938 Ontario Ltd.
Creditor List**

Name	Amount (\$)
Trez Capital Corporation, Trez Capital Limited Partnership and Computershare Trust Company of Canada	6.8 Million plus interest
Vector Financial Services Limited	Unknown
Delta Elevator Company	Unknown
Waste Management	Unknown
Ontario Landlord & Tenant Board	Unknown
Internos Mechanical	Unknown
Rogers	Unknown
Bell Canada	Unknown
City of Waterloo	Unknown
Wilfrid Laurier University	Unknown
AHS Security Systems Inc.	Unknown
Dixon Air & Heating Inc,	Unknown
Action Aiconditioning	Unknown
Control Tech Systems	Unknown
Coinamatic Commercial Laundry	Unknown
Total Power	Unknown
A1 Kool	Unknown
GLWS Industrial Water Treatment	Unknown
Sierra Construction	Unknown
Waterloo North Hydro Corporation	Unknown
Waterloo Fire Rescue	Unknown
Canadian Imperial Bank of Commerce	22,000.00
Intech Risk Management Inc.	Unknown
McFarlan Rowlands Insurance Brokers Inc.	Unknown
Tenants of Units 201 - 1001, 316 King Street North, Waterloo	Unknown

TAB M



STARTING OVER, STARTING NOW



111

HOME	ABOUT US	BANKRUPTCY SERVICES	BANKRUPTCY FAQ	RESOURCES	CONTACT	BLOG
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**1817983 ONTARIO INC.**

King's Landing Student Residence
316 North King St., Waterloo, ON

On March 25, 2013, ISI was privately appointed the Receiver and Manager over the assets, properties and undertakings of the Company. Based on the findings of the privately appointed Receiver, an application was made to the Ontario Superior Court of Justice (Commercial List) which was heard on April 26, 2013. By Order of the Honourable Mr. Justice Morawetz dated April 26, 2013, the private appointment of the Receiver was converted into a Court appointment whereby the Court will supervise the administration of the receivership proceedings. The Receiver is currently managing the property and formulating its plan for the sale of the asset.

King's Landing is comprised of a 10 storey, 119 room student residence apartment building together with adjoining land. The Receiver has appointed Domus Student Housing as property manager and all property management inquiries can be directed to them via email to 316king@domushousing.com.

Receivership

- Motion Record - 15 April 2013
- BIA Report - Notice and Statement - 28 March 2013

Court Matters

- Receivership Appointment Order - 26 April, 2013

All documents are in Acrobat/PDF format - free reader available [HERE](#).

RESOURCES**Case Studies**

- **Brushstrokes Fine Art Inc.**
- **Conquest Vacations**
- **Hide House**
- **1 King West**
- **King's Landing Student Residence**
- **Linda Lundstrom**
- **Sunny Meadow**
- **Trinity Landing**
- **Korex**

905.738.4167

Need help?
Contact Us!

1.866.483.NO DEBT (6633)

TREZ CAPITAL CORPORATION et al.
Plaintiffs

-and-

1817983 ONTARIO LTD. ET AL.
Defendants
Court File No. CV-13-10065-00 CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**PROCEEDING COMMENCED AT
TORONTO**

MOTION RECORD

STEINBERG MORTON HOPE & ISRAEL LLP
Barristers & Solicitors
5255 Yonge Street, Suite 1100
Toronto, Ontario
M2N 6P4

David A. Brooker (35787W)
Tel: 416-225-2777
Fax: 416-225-7112

Lawyers for Ira Smith Trustee & Receiver Inc.,
court appointed receiver of the defendant
1817983 Ontario Ltd.

RCP-E 4C (July 1, 2007)