

Court File No. CV-22-00674747-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

BETWEEN:

MARSHALLZEHR GROUP INC.

Applicant

- and -

AREACOR INC

Respondent

FIRST REPORT OF THE RECEIVER
September 2, 2022

TABLE OF CONTENTS

INDEX TO SCHEDULES.....	1
INTRODUCTION	2
PURPOSE OF REPORT.....	3
TERMS OF REFERENCE	3
BACKGROUND	4
SALE PROCESS	5
RECEIVER’S INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS	5
RECEIVER’S BORROWING CHARGE	5
CONCLUSIONS AND RECOMMENDATIONS	7

INDEX TO SCHEDULES

TAB	DOCUMENT
Appendix "A"	Appointment Order dated January 13, 2022
Appendix "B"	Corporate Profile dated December 7, 2021
Appendix "C"	Interim Statement of Receipts and Disbursements dated August 23, 2022
Appendix "D"	Accrued Expenses as at August 23, 2022

INTRODUCTION

1. Pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) made on January 13, 2022 (the “**Appointment Order**”), RSM Canada Limited (“**RSM**”) was appointed receiver (the “**Receiver**”) of all of the assets, undertakings and properties of Areacor Inc. (“**Areacor**” or the “**Debtor**”). A copy of the Appointment Order is attached to this report as **Appendix “A”**.
2. The Appointment Order authorizes the Receiver to, *inter alia*:
 - (a) take possession of and exercise control over the Property (as defined therein) and any and all proceeds, receipts and disbursements arising out of or from the Property;
 - (b) receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes and the placement of such insurance coverage as may be necessary or desirable;
 - (c) market the Property, including advertising and soliciting offers in respect of the Property and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate; and
 - (d) sell, convey, transfer, lease or assign the Property with the approval of this Court.
3. Paragraph 21 of the Appointment Order authorizes the Receiver to borrow monies to fund the exercise of the powers and duties conferred upon the Receiver by the Appointment Order from time to time, provided that the outstanding principal amount does not exceed \$250,000 (or such greater amount as the Court may by further order authorize), which advance(s) are secured by way of a fixed and specific charge over the Property (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 (as defined therein) and the charges as set out in sections 14.06(7), 81.4(4) and 81.6(2) of the *Bankruptcy and Insolvency Act*.

4. The Appointment Order and other pertinent documents have been posted on the Receiver's website, which can be found at: <http://www.rsmcanada.com/areacor-inc>.

PURPOSE OF REPORT

5. The purpose of this report (the "**First Report**") is to:
 - (a) provide background information about the Property;
 - (b) provide to the Court an update on the status of the Sale Process (as defined herein);
 - (c) seek an Order, *nunc pro tunc*, amending Paragraph 21 of the Appointment Order to increase the maximum borrowings set out in that paragraph from \$250,000 to \$500,000; and
 - (d) provide the Court with a summary of the Receiver's cash receipts and disbursements for the period January 13, 2022 to August 23, 2022.

TERMS OF REFERENCE

6. In preparing this First Report and making the comments herein, the Receiver has relied upon information from third-party sources (collectively, the "**Information**"). Certain of the information contained in this First Report may refer to, or is based on, the Information. As the Information has been provided by other parties, or obtained from documents filed with the Court in this matter, the Receiver has relied on the Information and, to the extent possible, reviewed the Information for reasonableness. However, the Receiver has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Receiver expresses no opinion or other form of assurance in respect of the Information.
7. Unless otherwise stated, all monetary amounts contained in the First Report are expressed in Canadian Dollars.

BACKGROUND

8. The Debtor was incorporated on August 15, 2013 and appears to be a single purpose corporation holding legal title to the Property (as defined below).
9. The Debtor is the registered owner of real property municipally known as 11-15 Cannon Street West, Hamilton, Ontario (the “**Property**”).
10. According to a corporate search dated December 7, 2021, Mr. Roni Gilyana is the sole director of the Debtor. The registered office and mailing address for Areacor is Suite 270 – 2869 Bloor St West, Etobicoke, Ontario. A copy of the corporate search for Areacor is attached to this report as **Appendix “B”**.
11. The Receiver understands that the Debtor acquired the Property to develop a six-storey condominium project consisting of 40 residential units and commercial space on the ground floor, marketed as ‘Jamesville Lofts’.
12. As of the date of the Receiver’s appointment, a five-storey skeleton structure consisting of steel framing and pre-cast concrete slabs had been erected at the Property (the “**Structure**”).
13. Prior to the date of the Appointment Order, all construction activity on site at the Property had ceased.
14. The applicant, MarshallZehr Group Inc. (“**MZ**”), is the registered holder of a first mortgage on the Property.
15. Due to the Debtor being in default of its obligations under the mortgage, by Notice of Application dated January 6, 2022, MZ sought the appointment of the Receiver.
16. On January 13, 2022, the Court issued the Appointment Order, and RSM was thereby appointed as Receiver of Areacor.
17. Pursuant to paragraph 25 of the Appointment Order, Chaitons LLP is counsel to the Receiver in respect of any matter where there is no conflict of interest.

18. Loopstra Nixon LLP is independent counsel to the Receiver.

SALE PROCESS

19. The Appointment Order, among other things, authorized the Receiver to market and sell the Property.
20. On April 4, 2022, the Receiver commenced a marketing and sale process for the Property (the “**Sale Process**”).
21. The Receiver intends to bring a motion for, among other things, the approval of a sale transaction based on the highest and best offer received in the Sale Process. The Receiver has provisionally scheduled October 3, 2022 for the hearing of such motion, which date was secured given the limited available Court time, the need to seek sale approval on timeline acceptable to the proposed purchaser, and the need to have sufficient time to address certain construction lien issues. Debtor’s counsel has advised it cannot agree to such hearing date until it reviews the Receiver’s pending report on the proposed sale. Such report and motion materials will be completed imminently. The Receiver has instructed counsel to seek to finalize the sale approval hearing date on a scheduling motion before a judge of the Commercial List .

RECEIVER’S INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

22. Attached as **Appendix “C”** to this report is an interim statement of receipts and disbursements for the period January 13, 2022 to August 23, 2022 (the “**R&D**”). During this period, total receipts were \$255,602 including advances totaling \$250,000 under Receiver Certificate No. 1, and disbursements were \$242,170, resulting in an excess of receipts over disbursements of \$13,432.

RECEIVER’S BORROWING CHARGE

23. On or about March 14, 2022, \$250,000 was advanced to the Receiver by MZ. As set out on the R&D, a balance of \$13,432 remains in the Receiver’s trust account.

24. As of August 23, 2022, approximately \$53,300 of expenses relating to (i) the security and preservation of the Property, and (ii) the Sale Process, have been accrued (the “**Accrued Expenses**”). The Accrued Expenses do not include any outstanding professional fees. A list of the Accrued Expenses is attached as **Appendix “D”** to this report.
25. The Accrued Expenses represent only part of the expenses the Receiver will require through closing of any transaction for the sale of the Property and its discharge. These costs will only increase if the sale approval motion is not heard on a reasonable timeline or if a transaction is not approved. The Receiver estimates the following additional expenses will be incurred through October 31, 2022, exclusive of professional fees:

Description	Estimated Amount
Insurance	\$ 17,500.00
Equipment Rentals	\$ 10,125.00
Security	\$ 2,950.00
Utilities	\$ 300.00
Total Estimated Expenses through October 31, 2022	\$ 30,875.00

26. In view of the foregoing, the borrowing limit of \$250,000 is no longer sufficient for the Receiver to carry out its mandate under the Appointment Order.
27. Certain vendors have advised the Receiver that they will suspend providing services if the Receiver is unable to pay the outstanding balances on account and go-forward charges. These include critical services, such as insurance, security monitoring, and equipment rentals that are essential to maintain the security and integrity of the Structure on the Property.
28. The Receiver had hoped the Sale Process would be concluded, and the sale transaction closed, by the end of August 2022. However, this is not the case, due to numerous delays relating to (i) an investigation of the Structure; (ii) issuance of engineering reports regarding the Structure; and (iii) negotiation of an agreement of purchase and sale with the proposed purchaser (“**APS**”). Further details regarding these issues will be provided in connection with the Receiver’s upcoming motion for approval of the sale transaction

contemplated by the APS. These issues have resulted in direct and incidental costs, and the Receiver no longer has the ability to pay for required services in the normal course.

29. As the maximum borrowing limit provided in Paragraph 21 of the Appointment Order is \$250,000, the Receiver is requesting that the borrowing limit in Paragraph 21 of the Appointment Order be increased, *nunc pro tunc* to \$500,000. MZ, as the senior secured creditor, supports the increase to the Receiver's borrowing limit.
30. The Receiver will issue Receiver's Certificates in respect of these advances after the hearing of the Receiver's motion, as the form of Receiver's Certificate will have to be amended to reflect any increased borrowing limit provided for in Paragraph 21.

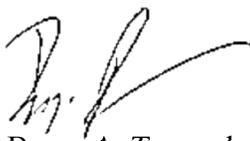
CONCLUSIONS AND RECOMMENDATIONS

31. The Receiver is advised, through counsel, that MZ and the Debtor do not oppose the relief sought herein.
32. The Receiver respectfully requests that the Court make an order as detailed in paragraph 5(c) above.

All of which is respectfully submitted to this Court as of this 2nd day of September, 2022.

RSM CANADA LIMITED, solely in its capacity as
Court-appointed Receiver of Areacor Inc.,
and not in its personal or corporate capacity

Per:



Bryan A. Tannenbaum, FCPA, FCA, FCIRP, LIT
President

TAB A

Court File No. CV-22-00674747-00CL

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

THE HONOURABLE MR.)	THURSDAY, THE 13 th
)	
JUSTICE CAVANAGH)	DAY OF JANUARY, 2022

B E T W E E N:

MARSHALLZEHR GROUP INC.

Applicant

- and -

AREACOR INC.

Respondent

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c.B-3, AS AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED

**ORDER
(appointing Receiver)**

THIS APPLICATION made by the Applicant for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "**CJA**") appointing RSM Canada Limited as receiver (the "**Receiver**") without security, of all of the assets, undertakings and properties of Areacor Inc. (the "**Debtor**") acquired for, or used in relation to a business carried on by the Debtor, was heard this day via videoconference due to the COVID-19 pandemic.

ON READING the affidavit of Murray Snedden sworn January 6, 2022 and the Exhibits thereto and the affidavit of Roni Gilyana sworn January 12, 2022 and the Exhibits thereto, and on hearing the submissions of counsel for the Applicant, the Respondent, and the other parties listed on the Participant Information Sheet, no one else appearing for the parties listed on the service list although duly served as appears from the affidavits of service filed with the Court, and on reading the consent of RSM Canada Limited to act as the Receiver,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this application is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. **THIS COURT ORDERS** that pursuant to section 243(1) of the BIA and section 101 of the CJA, RSM Canada Limited is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the "**Property**"), including, without limitation, the real property described in **Schedule "A"** attached 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 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 initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any transaction not exceeding \$250,000, provided that the aggregate consideration for all such transactions does not exceed \$500,000; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, or section 31 of the Ontario *Mortgages Act*, as the case may be, shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply;

- (l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;
- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and

- (r) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations,

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. **THIS COURT ORDERS** that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

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.

7. **THIS COURT ORDERS** that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any

applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days notice to such landlord and any such secured creditors.

NO PROCEEDINGS AGAINST THE RECEIVER

8. **THIS COURT ORDERS** that no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

9. **THIS COURT ORDERS** that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

10. **THIS COURT ORDERS** that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

11. **THIS COURT ORDERS** that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

12. **THIS COURT ORDERS** that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

13. **THIS COURT ORDERS** that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this

Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

14. **THIS COURT ORDERS** that all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

15. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "**Sale**"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal

information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

16. **THIS COURT ORDERS** that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

17. **THIS COURT ORDERS** that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any

gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

18. **THIS COURT ORDERS** that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "**Receiver's Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

19. **THIS COURT ORDERS** that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

20. **THIS COURT ORDERS** that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

21. **THIS COURT ORDERS** that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$250,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

22. **THIS COURT ORDERS** that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

23. **THIS COURT ORDERS** that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "B" hereto (the "**Receiver's Certificates**") for any amount borrowed by it pursuant to this Order.

24. **THIS COURT ORDERS** that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates

evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

RETENTION OF LAWYERS

25. **THIS COURT ORDERS** that the Receiver may retain lawyers to represent and advise the Receiver in connection with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order. Such lawyers may include Chaitons LLP, lawyers for the Applicant herein, in respect of any matter where there is no conflict of interest. The Receiver shall, however, retain independent lawyers in respect of any legal advice or services where a conflict exists, or may exist.

SERVICE AND NOTICE

26. **THIS COURT ORDERS** that the E-Service Guide of the Commercial List (the “**Guide**”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Guide (which can be found on the Commercial List website at www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice-commercial/) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the *Rules of Civil Procedure*. Subject to Rule 3.01(d) of the *Rules of Civil Procedure* and paragraph 13 of the Guide, service of documents in accordance with the Guide will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Guide with the following URL <http://www.rsmcanada.com/areacor-inc>.

27. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any

other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Debtor's creditors or other interested parties at their respective addresses as last shown on the records of the Debtor and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

28. **THIS COURT ORDERS** that the Applicant, the Receiver and their respective counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Debtor's creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or juridical obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

GENERAL

29. **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.

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

31. **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.

32. **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.

33. **THIS COURT ORDERS** that the Applicant shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a substantial indemnity basis to be paid by the Applicant from the Debtor's estate with such priority and at such time as this Court may determine.

34. **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

35. **THIS COURT ORDERS** that, notwithstanding Rule 59.05, this order is effective from the date it is made, and it is enforceable without any need for entry and filing. In accordance with

Rules 77.07(6) and 1.04, no formal order need be entered and filed unless an appeal or motion for leave to appeal is brought to an appellate court. Any party may nonetheless submit a formal order for original, signing, entry and filing, as the case may be, when the Court returns to regular operations.

SCHEDULE "A"

Municipal Address: 15 Cannon Street West, Hamilton, Ontario

PIN: 17586-0153 (LT)

Property Description: Part of Lot 13, Block 6 Plan 39, Part 1 ON 62R21575; subject to an easement as in WE1493193; City of Hamilton

SCHEDULE "B"
RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that RSM Canada Limited, the receiver (the "**Receiver**") of the assets, undertakings and properties Areacor Inc. (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 13th day of January, 2022 (the "**Order**") made in an application having Court file number __-CL-_____, has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the ____ day of _____, 202__.

RSM CANADA LIMITED, solely in its capacity as Receiver of the Property, and not in its personal capacity

Per: _____

Name:

Title:

MARSHALLZEHR GROUP INC.
Applicant

-and-

AREACOR INC.
Respondent

Court File No. CV-22-00674747-00CL

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

PROCEEDING COMMENCED AT
TORONTO

**ORDER
(appointing Receiver)**

CHAITONS LLP

5000 Yonge Street, 10th Floor
Toronto, Ontario M2N 7E9

Harvey Chaiton (LSO #21592F)

Tel: (416) 218-1129

E-mail: harvey@chaitons.com

Sam Rappos (LSO #51399S)

Tel: (416) 218-1137

E-mail: samr@chaitons.com

Lawyers for the Applicant

TAB B



Corporate Profile / Profil corporatif

Date and time of Corporate Profile (YYYY-MM-DD)	2021-12-07 2:47 PM	(AAAA-MM-JJ) Date et heure du Profil corporatif
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CORPORATE INFORMATION	RENSEIGNEMENTS CORPORATIFS
Corporate name	Dénomination
	AREACOR INC.
Corporation number	860884-9
	Numéro de société ou d'organisation
Business number	844021030RC0001
	Numéro d'entreprise
Governing legislation	Régime législatif
	<i>Canada Business Corporations Act (CBCA) - 2013-08-15</i> <i>Loi canadienne sur les sociétés par actions (LCSA) - 2013-08-15</i>
Status	Statut
	Active Active

REGISTERED OFFICE ADDRESS	ADRESSE DU SIÈGE
	Suite #270 - 2869 Bloor St West Etobicoke ON M8X 1B3 Canada

ANNUAL FILINGS	DÉPÔTS ANNUELS
Anniversary date (MM-DD)	08-15
	(MM-JJ) Date anniversaire
Filing period (MM-DD)	08-15 to/au 10-14
	(MM-JJ) Période de dépôt
Status of annual filings	Statut des dépôts annuels
	Filed 2021 Déposé Filed 2020 Déposé Filed 2019 Déposé
Date of last annual meeting (YYYY-MM-DD)	2021-07-31
	(AAAA-MM-JJ) Date de la dernière assemblée annuelle
Type	Type
	Non-distributing corporation with 50 or fewer shareholders Société n'ayant pas fait appel au public et comptant 50 actionnaires ou moins

DIRECTORS		ADMINISTRATEURS
Minimum number	1	Nombre minimal
Maximum number	10	Nombre maximal
Current number	1	Nombre actuel
Roni Gilyana		Suite #270 - 2869 Bloor St West, Etobicoke ON M8X 1B3, Canada

CORPORATE HISTORY		HISTORIQUE CORPORATIF
Corporate name history (YYYY-MM-DD)		(AAAA-MM-JJ) Historique de la dénomination
2013-08-15 to present / à maintenant	AREACOR INC.	
Certificates issued (YYYY-MM-DD)		(AAAA-MM-JJ) Certificats émis
Certificate of Incorporation	2013-08-15	Certificat de constitution en société
Certificate of Dissolution	2016-06-13	Certificat de dissolution
Certificate of Revival	2016-06-30	Certificat de reconstitution
Amendments details are only available for amendments effected after 2010-03-20. Some certificates issued prior to 2000 may not be listed.	Seuls les renseignements concernant les modifications effectuées après 2010-03-20 sont disponibles. Certains certificats émis avant 2000 pourraient ne pas être listés.	
Documents filed (YYYY-MM-DD)		(AAAA-MM-JJ) Documents déposés

The Corporate Profile sets out the most recent information filed with and accepted by Corporations Canada as of the date and time set out on the Profile.

Le Profil corporatif fait état des renseignements fournis et acceptés par Corporations Canada à la date et à l'heure indiquées dans le profil.

TAB C

RSM Canada Limited
Court-Appointed Receiver of Areacor Inc.
Interim Statement of Receipts and Disbursements
for the period January 13, 2022 to August 23, 2022

Receipts

Advance from Secured Creditor (Note 1)	\$	250,000
HST Refunds		3,364
Cash in Bank		2,130
Interest		108
Total Receipts	\$	<u>255,602</u>

Disbursements

Insurance	\$	53,697
Repairs and Maintenance		22,000
Equipment Rental		16,000
Advertising		10,462
Financing Fees		10,000
Interest		10,013
Storage and Security		3,048
Consulting Fees		1,080
Miscellaneous		2,295
Utilities		960
Receiver's fees		65,945
Legal fees		23,681
HST and PST		22,990
Total Disbursements	\$	<u>242,170</u>

Excess of receipts over disbursements	\$	<u>13,432</u>
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Notes:

1. This amount represents an advance from Marshallzehr Group Inc. secured by Receiver Certificate No. 1.

TAB D

In the Matter of the Receivership of Areacor Inc.
List of Accrued Expenses
As at August 23, 2022

Description	Amount (incl. HST)
Equipment Rental - Structural Support	\$ 13,559.58
Security Monitoring	\$ 13,221.00
Hollowcore Inspection Report	\$ 9,605.00
Steel Inspection Report	\$ 7,514.50
Structural Engineering Report	\$ 6,531.40
Equipment Rental - Security Fence & Trailer	\$ 1,625.67
Consultant - Architect	\$ 598.90
Data Room Hosting Fees	\$ 579.74
Utilities	\$ 65.00
Total Accrued Expenses	<u>\$ 53,300.79</u>