

**THE KING'S BENCH
WINNIPEG CENTRE**

IN THE MATTER OF: THE APPOINTMENT OF A RECEIVER PURSUANT TO SECTION 243 OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985 c.B-3, AS AMENDED AND SECTION 55 OF *THE KING'S BENCH ACT*, C.C.S.M. c.C280

BETWEEN:

BUSINESS DEVELOPMENT BANK OF CANADA

Applicant,

-and-

KROMAR PRINTING LTD.

Respondent.

**FIRST REPORT OF BDO CANADA LIMITED,
IN ITS CAPACITY AS COURT APPOINTED RECEIVER OF
KROMAR PRINTING LTD.**

February 7, 2025

RECEIVER

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INTRODUCTION

1. On November 30, 2023 (the “**Date of Receivership**”), Business Development Bank of Canada (“**BDC**” or the “**Applicant**”) made an application to the Court of King’s Bench for Manitoba (the “**Court**”) seeking 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 55 of the *King’s Bench Act*, C.C.S.M. c. C280, to appoint Deloitte Restructuring Inc. (“**Deloitte**”) as receiver, without security, of all the assets, undertakings, and properties of Kromar Printing Ltd. (“**Kromar**” or the “**Company**”) acquired for or used in relation to the business carried on by the Company (the “**Property**”). On December 1, 2023, the Honourable Justice C. Martin signed an order (the “**Receivership Order**”) appointing Deloitte as receiver in respect of the Property.
2. On December 22, 2023, the Court granted an order (the “**December 22, 2023 Order**”), substituting BDO Canada Limited (“**BDO**”) in place of Deloitte as the receiver (the “**Receiver**”). All references to the Receiver prior to the December 22, 2023 Order refer to Deloitte, and all references to the Receiver after the granting of the December 22, 2023 Order refer to BDO.
3. A copy of the Receivership Order, attached hereto as **Appendix A**, the December 22, 2023 Order, attached hereto as **Appendix B**, and other information regarding the receivership proceedings can be accessed on the Receiver’s website at <https://www.bdo.ca/services/financial-advisory-services/business-restructuring-turnaround-services/current-engagements/kromarprinting>.
4. The Receivership Order provides, *inter alia*, for the following:
 - (a) 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 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 the Receivership Order, and 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 (as defined in the Receivership Order), but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA;

(b) The Receiver and its legal counsel shall pass its accounts from time to time; and

(c) The Receiver is expressly empowered and authorized to (amongst other powers):

(i) Take and maintain possession and control of the Property, to market and sell the Property (without the approval of the Court in respect of any transaction not exceeding \$100,000, provided that the aggregate consideration for all such transactions does not exceed \$500,000), and to assign the Company into bankruptcy; and

(ii) 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 or such greater amount as the Court may by further Order authorize (the “**Borrowing Facility**”).

5. This report constitutes the first report of the Receiver (the “**First Report**”), and is being filed to inform the Court as to the following:

(a) The activities of the Receiver since the Date of Receivership;

(b) Details of the Company’s assets and liabilities including charges, security interests, and encumbrances registered against the Property; and

(c) The results of the Receiver’s Sales Process (as defined below) as described in paragraphs 31 to 51 herein.

6. Furthermore, this First Report, along with the Confidential Supplement to the First Report dated February 7, 2025 (the “**Confidential Supplement**”) are being filed in support of the Receiver’s motion to this Honourable Court on February 11, 2025, seeking the following:

- (a) Approval of the First Report and the reported actions of the Receiver since the Date of Receivership in respect of administering these receivership proceedings, including the approval of the Receiver's Interim Statement of Receipts and Disbursements for the period November 30, 2023 to January 31, 2025 and the Receiver's Sales Process;
- (b) Approval of the Asset Purchase Agreement (the "**APA**") with Nawoc Holdings Ltd. ("**Nawoc**" or the "**Purchaser**");
- (c) Approval of an increase in the Borrowing Facility;
- (d) Approval of the fees and disbursements of the Receiver and its legal counsel; and
- (e) An Order sealing the Confidential Supplement in the Court file given the commercial sensitivity of the information detailed therein.

TERMS OF REFERENCE

- 7. In preparing this First Report, the Receiver has relied upon unaudited financial information, the books and records of the Company, and discussions with former management of the Company ("**Management**"), interested parties, and the stakeholders of the Company.
- 8. The financial information of the Company has not been audited, reviewed or otherwise verified by the Receiver as to its accuracy or completeness, nor has it necessarily been prepared in accordance with generally accepted accounting principles and the reader is cautioned that this First Report may not disclose all significant matters about the Company. Additionally, none of the Receiver's procedures were intended to disclose defalcations or other irregularities. If the Receiver were to perform additional procedures or to undertake an audit examination of the financial statements in accordance with generally accepted auditing standards, additional matters may have come to the Receiver's attention. Accordingly, the Receiver does not express an opinion nor does it provide any other form of assurance on the financial or other information presented herein. The Receiver may refine or alter its observations as

further information is obtained or brought to its attention after the date of this First Report.

9. Unless otherwise stated, all monetary amounts contained in this First Report are expressed in Canadian dollars.
10. Capitalized terms used in this First Report but not defined herein are as defined in the Receivership Order.

BACKGROUND

11. Kromar is a private company incorporated under the laws of the Province of Manitoba on April 25, 1969, with Joseph Cohen (“**Mr. Cohen**”) appointed as a director and Secretary, Jack Cohen appointed as a director and President, and Esther Cohen appointed as Vice-President. As detailed in the Affidavit of Lori Matson dated November 23, 2023 (the “**Matson Affidavit**”), at all material times, Kromar carried on business as a commercial printer from premises located at 725 Portage Avenue, in Winnipeg, Manitoba (the “**Premises**”).
12. BDC is the principal secured lender to the Company in respect of the Property and holds various first ranking security positions (the “**BDC Security**”) as against the Property. As detailed in the Matson Affidavit, BDC was owed approximately \$1.9 million (the “**BDC Indebtedness**”) (plus legal fees, costs, and expenses) from the Company as at November 23, 2023, with interest continuing to accrue thereon.

Possession and Control of the Property

13. On the Date of Receivership, the Receiver attended at the Premises and took steps to take possession and control of the Company and the Property, which included changing the locks to the Premises. The Receiver terminated all the Company’s employees as of the Date of Receivership and ceased all operations. The Receiver temporarily engaged certain former employees to assist with the administration of the receivership proceedings, and for ongoing monitoring of the Premises subsequent to the Date of Receivership.

14. Immediately following its appointment, the Receiver confirmed that property and liability insurance coverage was in place, and coordinated with the insurance broker to maintain ongoing coverage and have the Receiver added as a named insured and loss payee.

ACTIVITIES OF THE RECEIVER

15. Since the Date of Receivership, the Receiver has undertaken the following activities with respect to the Property:
 - (a) Attended onsite at the Premises on the Date of Receivership to meet with Mr. Cohen and to take possession and control of the Property;
 - (b) Arranged for the locks to be changed at the Premises;
 - (c) Terminated all employees of the Company as at the Date of Receivership, and made arrangements with certain former employees to assist the Receiver on an as needed basis;
 - (d) Corresponded with Aon Reed Stenhouse Inc. (“**Aon**”), the Company’s insurer, to maintain Kromar’s coverage until October 11, 2024;
 - (e) Sourced and secured alternative insurance coverage with FCA Insurance Brokers effective October 11, 2024, as Aon declined to renew coverage;
 - (f) Arranged for the redirection of mail;
 - (g) Completed the statutory reporting and notice requirements under the BIA;
 - (h) Arranged for collection notices to be sent to all customers with outstanding accounts owing to the Company;
 - (i) Corresponded with third parties who asserted an interest in certain property located on the Premises, and released the Receiver’s interest therein as appropriate;

- (j) Administered the statutory filings under the Wage Earner Protection Program (“**WEPP**”) for former employees;
- (k) Corresponded with auctioneers and prospective parties who had previously expressed an interest in the Property;
- (l) Facilitated and completed the Sales Process;
- (m) Monitored the removal of various assets from the Premises, which included arranging for the appropriate disposal of hazardous materials;
- (n) Arranged with an environmental consult, Pinchin Ltd. (the “**Environmental Consultant**”), to undertake certain on-site exploratory work and a Phase II environmental site assessment (the “**Phase II ESA**”);
- (o) Corresponded with the City of Winnipeg and Manitoba Inspection and Technical Services in respect of certain open work orders for the Premises, and either remedied same or included the remedial actions as a condition of the APA with the Purchaser; and
- (p) Prepared, reviewed, and finalized this First Report and the Confidential Supplement.

OPERATIONS

- 16. As at the Date of Receivership, the Company had not yet ceased operations, and employed approximately twenty-two (22) employees.
- 17. The Receiver terminated all employees of the Company on the Date of Receivership, and the Receiver did not continue with operations. The Receiver retained certain former employees on a contract basis to assist with the administration of the receivership proceedings, and to attend the Premises on a periodic basis to comply with attendance requirements under the insurance policy.

ASSETS

Accounts Receivable

18. Subsequent to the Date of Receivership, and after posting of all invoices, the Receiver was provided with a list of thirty-three (33) customer accounts with an aggregate balance owing to the Company of approximately \$233,426.
19. On January 19, 2024, the Receiver sent each account holder (collectively the “**Account Holders**”) a demand notice advising of the receivership proceedings, and stating that all outstanding amounts must be paid to the Receiver on or before February 9, 2024. As at the date of this First Report:
 - (a) Approximately \$151,328 has been collected by the Receiver;
 - (b) Approximately \$49,686 was determined to be incorrectly recorded in the Company’s records, as sufficient support from the Account Holders was provided to the Receiver, and/or discussions with Management confirmed one or more of the following:
 - (i) The amounts were previously paid by the Account Holders; and
 - (ii) The Company’s accounts payable records detailed amounts owing by Kromar to the Account Holders in excess of amounts owing by the Account Holders; and
 - (c) Approximately \$32,412 remains owing from eight (8) Account Holders which the Receiver continues to pursue (the “**Residual Accounts**”).
20. Based on the Receiver’s collection efforts to date, and the status of the Company’s records, additional realizations from the Residual Accounts are not expected to be material.

Inventory and Furniture, Fixtures, and Equipment

21. As at the Date of Receivership, the Company’s November 30, 2023 financial statements

(the “**Financial Statements**”) disclosed inventory with an aggregate book value of approximately \$250,790 (the “**Inventory**”), comprised of the following:

- (a) Raw materials - \$66,047; and
 - (b) Work in process - \$184,743.
22. The Company’s Financial Statements disclosed machinery and equipment with a net book value of approximately \$182,880 (the “**Machinery and Equipment**”), and all office furnishings and computer equipment (the “**Furniture and Fixtures**”) had a net book value of nil.
23. Given that Company did not have detailed supporting records for the Inventory, Machinery and Equipment, and Furniture and Fixtures (collectively, the “**Assets**”), on January 10, 2024, the Receiver arranged for McDougall Auctioneers Ltd. (“**McDougall**”) to attend the Premises to compile listings of the Assets and to appraise same. On February 2, 2024, McDougall provided the Receiver with its appraisal (the “**McDougall Appraisal**”), attached hereto as **Appendix C**, detailing an orderly liquidation value of \$132,463 and a forced liquidation value of \$76,936 (the “**FLV**”).

Insurance and Investments

24. As at the Date of Receivership, the Company’s Financial Statements disclosed insurance and investments with an aggregate book value of approximately \$714,491 (comprised of \$670,599 in life insurance policies, and \$43,892 in investments). Based on the Receiver’s further review, Kromar appears to be the beneficiary of the life insurance policies (and Policy #1 (as defined below) appears to be subject to a \$630,000 assignment agreement in favour of BDC).
25. Based on further discussions with the Company’s insurance broker, Gallagher Benefit Services (Canada) Group, Inc. (“**GBS**”), the Receiver determined that the Company maintained three (3) whole life insurance policies as follows:
- (a) \$2,000,000 policy (“**Policy #1**”) on Jack Cohen with Canada Life Assurance Company (“**CLAC**”), formerly Great-West Life Assurance Company (“**GWLA**”);

- (b) \$373,758 policy (“**Policy #2**”) on Jack Cohen with CLAC; and
 - (c) \$500,000 policy (“**Policy #3**”, and collectively with Policy #1 and Policy #2, the “**Life Policies**”) on Mr. Cohen with Manulife.
26. In consultation with GBS, the following additional information was determined in respect of the Life Policies:
- (a) Certain loans had been advanced to the Company by GWLA and Manulife, eroding the net cash surrender value of all the Life Policies;
 - (b) Policy #1 had a cash surrender value of approximately \$33,498, had unpaid loan installments, premiums, and interest owing of approximately \$42,959 (which resulted in no immediate recovery to the estate), had estimated annual costs of \$7,393 to maintain the policy, and had a net realizable value of approximately \$1,550,903 upon the death of Jack Cohen (who was currently eighty-one (81) years of age);
 - (c) Policy #2 had a cash surrender value of approximately \$3,521, had unpaid loan premiums and interest owing of approximately \$24,305 (which resulted in no immediate recovery to the estate), had estimated annual costs of \$27,730 to maintain the policy, and had a net realizable value of approximately \$99,292 upon the death of Jack Cohen; and
 - (d) Policy #3 had a cash surrender value of \$30,544, had outstanding loan obligations owing of approximately \$32,587 (which resulted in no immediate recovery to the estate), had estimated annual costs of \$3,486 to maintain the policy, and had an estimated net realizable value of approximately \$467,413 upon the death of Mr. Cohen (currently fifty-five (55) years of age).
27. In discussions with BDC, it was determined that the Receiver would only continue to maintain Policy #1 given the annual cost of maintaining same, the net realizable value upon death, and the current age of Jack Cohen. However, subsequent to the Receiver undertaking to maintain Policy #1, CLAC confirmed that Policy #1 was a joint policy on

the lives of both Jack Cohen and Esther Cohen (who was currently seventy-eight (78) years of age). Mr. Cohen was provided with the opportunity to maintain Policy #2 and Policy #3 by having the policies transferred to him by the Receiver, but declined given the ongoing costs to maintain same. Accordingly, Policy #2 and Policy #3 were allowed to lapse.

28. On March 14, 2024, the Receiver corresponded with Manulife requesting investment details for any and all investments held by Kromar. On March 27, 2024, Manulife Investor Services at TSX Trust confirmed the investments held by Kromar were limited to forty (40) Manulife Financial Corporation common shares with a current value of approximately \$1,300 (the “**Manulife Shares**”). As at the date of this First Report, the Receiver has yet to realize on the Manulife Shares.

Land and Building

29. Based on a Manitoba Land Titles Registry Office (“**LTO**”) search dated September 12, 2023, attached as Exhibit 31 to the Matson Affidavit, the Company is the registered owner of the following parcel of land:

Lots 1 to 21 Plan 114 WLTO (W Div) Parish of St James exc out of said Lot 7 to 21, the ELY 8 feet and exc out of said Lot 6 all that portion of the most ELY 8 feet which lies to the north of a line drawn south of parallel with and perp distant 16.5 feet from the northern limit of Lot 1 Plan 171 WLTO (W Div) in said Parish.

30. The net book value of the land and building (collectively the “**Real Property**”) as disclosed in the Company’s Financial Statements approximated \$3,125,093. The most recent appraisal of the Real Property provided by BDC was dated May 4, 2018, and was prepared by Altus Group (the “**Altus Appraisal**”). The Altus Appraisal, attached hereto as **Appendix D**, appraised the Real Property at \$6,300,000. As further detailed below, given the Company’s prior efforts to list and sell the Real Property, and the Receiver’s Real Property Sales Process (as defined below), the Receiver determined that the costs associated with updating the appraisal outweighed the benefits that may be derived therefrom.

SALES PROCESS

Real Property

31. In accordance with paragraph 3(k) of the Receivership Order, the Receiver was authorized 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”*.
32. As detailed in the Matson Affidavit, prior to the Date of Receivership, the Company had engaged in the following efforts to sell the Real Property:
 - (a) In 2020, the Real Property was listed for sale with Shindico Realty Inc. (“**Shindico**”), but no formal offers were received;
 - (b) In March 2022, the Real Property was listed for sale with Cushman & Wakefield Stevenson (“**Cushman**”), which resulted in a letter of intent being submitted by Nawoc in August 2022;
 - (c) On November 7, 2022, a purchase agreement was entered into between Nawoc and Kromar (attached as Exhibit 14 to the Matson Affidavit) (the “**Original Purchase Agreement**”);
 - (d) On March 28, 2023, the Original Purchase Agreement was amended (the “**First Amendment**”) (attached as Exhibit 15 to the Matson Affidavit);
 - (e) On July 18, 2023, a further amendment (the “**Second Amendment**”) was made to the Original Purchase Agreement (attached as Exhibit 16 to the Matson Affidavit), making the closing of the transaction conditional on the satisfactory completion of a Phase II ESA, and confirming that the Company would be responsible for certain of the costs associated with the Phase II ESA, along with any necessary remediation resulting therefrom; and
 - (f) On October 3, 2023, a further draft amendment (the “**Third Amendment**”) was contemplated to the Original Purchase Agreement, clarifying the Company’s

obligations for the increased scope of work in respect of the Phase II ESA (attached as Exhibit 19 to the Matson Affidavit), but the Third Amendment was never finalized.

33. Based on the above, and as further detailed in the Confidential Supplement, prior to the Date of Receivership the Company had entered into the Original Purchase Agreement (and amendments), but the transaction was not able to close as the Phase II ESA could not be completed, primarily as a result of Kromar's insufficient liquidity to complete same.
34. On or about December 6, 2023, subsequent to the Date of Receivership, Cushman contacted the Receiver and advised that Nawoc remained interested in the Real Property, either by way of a long-term lease and/or purchase arrangement.
35. In order to assess the fair market value of the Real Property, rather than obtain a new appraisal (or have the Altus Appraisal updated), the Receiver determined that approaching commercial realtors for listing proposals (the "**Real Property Sales Process**") would provide a better indication of the current market value of the Real Property. Accordingly, on January 19, 2024, the Receiver sent e-mail correspondence (the "**January 19, 2024 Realtor Correspondence**"), to thirteen (13) prospective realtors (the "**Prospective Realtors**") providing details of the receivership proceedings and the Real Property, and requesting listing proposals detailing the following:
 - (a) Recommended list price;
 - (b) Fees and commission structure;
 - (c) Estimated appraisal/realizable value; and
 - (d) Marketing plan and estimated time to close a transaction.

The submission deadline detailed in the January 19, 2024 Realtor Correspondence, attached hereto as **Appendix E**, was noon on February 2, 2024 (the "**Proposal Deadline**").

36. On January 28, 2024, the Receiver sent additional e-mail correspondence to the Prospective Realtors (the “**January 28, 2024 Realtor Correspondence**”), attaching further details in respect of the Real Property. The January 28, 2024 Realtor Correspondence is attached hereto as **Appendix F**.
37. At the Proposal Deadline, the Receiver summarized the submissions received (the “**Listing Proposals**”) and discussed the Listing Proposals with BDC. The Listing Proposals and the Real Property Sales Process are more fully detailed in the Confidential Supplement.
38. During the period of December 6, 2023 to February 22, 2024, the Receiver engaged in various communications with both Cushman and Nawoc to determine Nawoc’s continued interest in the Real Property. On February 28, 2024, Nawoc provided the Receiver with a draft letter of intent (the “**Nawoc LOI**”) for its consideration.
39. As further detailed in the Confidential Supplement, after considering the Listing Proposals and the Nawoc LOI, in consultation with BDC, it was determined that the Receiver would move forward with efforts to complete a purchase agreement with Nawoc. However, given certain of the underlying environmental concerns Nawoc had with the Real Property (as detailed in the Matison Affidavit), the APA, which remains subject to Court approval, was not finalized until July 11, 2024. A redacted version of the APA is attached hereto as **Appendix G**.
40. As detailed in Article 4.1 of the APA, closing of the Nawoc transaction (together with the First Addendum to the APA (as defined below), the “**Transaction**”) remains subject to a number of conditions in favour of the Purchaser (the “**Purchaser’s Initial Conditions**”), as summarized below:
- (a) The Purchaser’s obligation to complete the Transaction provided for in the APA shall be conditional unless and until, the Purchaser has either satisfied or waived in writing, in its sole and unfettered discretion, the following conditions:
 - (i) on or before the Environmental Condition Date (as defined in the APA), the Purchaser shall have satisfied itself, in its sole and absolute discretion, with

respect to the environmental status of the Real Property and any costs associated with any required remediation; and

- (ii) on or before the Due Diligence Date (as defined in the APA), the Purchaser shall have conducted such physical and documentary examinations as it may in its sole discretion deem necessary or desirable with respect to the Real Property, including, without limitation, as to: (i) the title to the Real Property, (ii) the existence of outstanding municipal work orders, deficiency notices, orders, directives, orders of non-compliance, or other requirements in connection with the Real Property, and (iii) the present use of the Real Property being in compliance with permitted by-laws and regulations.
- (b) In the event the Purchaser waives the Purchaser's Initial Conditions set out in Section 4.1(a)(i) of the APA, and subject to Closing (as defined in the APA), the following provisions shall apply:
- (i) the Vendor will be responsible for obtaining the Phase II ESA, at its own cost; the Phase II ESA will be addressed to both the Vendor and the Purchaser;
 - (ii) on Closing, an amount equal to the lesser of: (i) the Estimated Remediation Costs (as defined in the APA) and (ii) the sum of [Redacted] Dollars (the "**Environmental Holdback**"), shall be held back by the Vendor and will be utilized to fund payment of the Remediation Costs;
 - (iii) within a reasonable period of time following Closing and in any event not to exceed the period of time that will be required to complete the Required Remediation as determined by the Environmental Consultant, plus one (1) year, (the "**Remediation Completion Date**"), the Purchaser will instruct the Environmental Consultant to complete the remediation described in the Phase II ESA (the "**Required Remediation**");
 - (iv) the costs of the Required Remediation payable to arm's length third parties shall be paid from the Environmental Holdback, provided that to the extent

the costs of the Required Remediation are greater than the Environmental Holdback, the excess amount shall be payable solely by the Purchaser;

- (v) each Party shall provide to the other copies of all reports, invoices, correspondence, accounting and other information reasonably requested by the other in respect of the Required Remediation;
 - (vi) upon completion of the Required Remediation the Purchaser shall provide to the Vendor, at the Purchaser's sole cost, a remediation report prepared by the Environmental Consultant (the "**Remediation Report**") confirming that the Required Remediation has been completed and that the Property is in compliance with all applicable environmental laws; and
 - (vii) in the event the final costs of the Required Remediation are less than the Environmental Holdback, the remaining amount of the Environmental Holdback will be immediately paid to the Vendor upon delivery of the Remediation Report, and, in any event, any portion of the Environmental Holdback not disbursed on account of the costs of the Required Remediation by the Remediation Completion Date will be returned to the Vendor, and the Vendor shall be released from all further obligations regarding the Required Remediation.
- (c) The Purchaser shall provide Notice to the Vendor:
- (i) prior to the Environmental Condition Date as to whether or not any or all of the Purchaser's due diligence conditions as described in Section 4.1(a)(i) have been satisfied, fulfilled or waived; and
 - (ii) prior to the expiry of the Due Diligence Date as to whether or not any or all of the Purchaser's due diligence conditions as described in Section 4.1(a)(ii) have been satisfied, fulfilled or waived.

In the event that the Purchaser does not confirm that all of the Purchaser's Initial Conditions are satisfied, fulfilled or waived, within the time periods specified, then

the APA shall become null and void and the Deposit shall be returned to the Purchaser without interest and without deduction, and each of the Parties shall, except with respect to its obligations under Sections 3.2, 3.3, and 3.4 of the APA, be released from all of its obligations hereunder. The Parties agree that the Purchaser's Initial Conditions have been included for the sole and exclusive benefit of the Purchaser and, notwithstanding that any such Purchaser's Initial Conditions may be a true condition precedent, the Purchaser may waive any or all of the Purchaser's Initial Conditions in whole or in part at any time prior to the expiry of the Due Diligence Date (or the Environmental Condition Date, as applicable) without prejudice to any of its rights of termination in the event of non-performance in whole or in part of any other condition for its benefit.

41. Given the intricacies of the Purchaser's Initial Conditions, the necessity for multiple third parties to be involved with removal of the Assets and certain hazardous materials (as further detailed below), heating and maintenance issues with the building, and the involvement of the Environmental Consultant, an addendum to the APA was necessary. Accordingly, on February 5, 2025, the first APA addendum (the "**First Addendum to the APA**") was agreed upon amongst the Purchaser and the Receiver, but has yet to be executed by the Purchaser as at the date of this First Report. A redacted version of the First Addendum to the APA is attached hereto as **Appendix H**, the salient points of which are summarized below:

- (a) The Vendor agrees to rectify certain deficiencies on or before Closing, at its sole cost and expense, in respect of the passenger and freight elevators;
- (b) The Purchaser will provide a supplementary deposit which will be added to and form part of the First Deposit (and will reduce the Second Deposit proportionately), all of which will be used to fund the completion of the heating system installation for the building (the "**Heating Solution**");
- (c) Access Property Development Inc. ("**APD**") will coordinate and supervise the Heating Solution and shall receive from the Purchaser a project management fee which shall be reflected as a credit to the Purchaser on the Statement of

Adjustments to be finalized on and as of Closing;

- (d) The Vendor shall contribute a portion of the Heating Solution which shall be reflected on the Statement of Adjustments on and as of Closing;
 - (e) In the event the Purchaser's Initial Conditions set out in Section 4.1(a)(i) of the APA are not either satisfied or waived by the Purchaser, the Vendor shall forthwith pay and remit to the Purchaser, an amount equal to the total amount of the First Deposit plus the project management fee payable to APD, from the Court approved Borrowing Facility;
 - (f) The Purchaser hereby waives all of the Purchaser's Initial Conditions set out in Section 4.1(a)(ii) of the APA; and
 - (g) The Closing Date (as defined in the APA) be amended to the later of: (i) the twentieth (20th) day following the date on which the sale approval and vesting order is obtained, and (ii) the twentieth (20th) day following the satisfaction or waiver of the Purchaser's Initial Conditions set out in Section 4.1(a)(i) of the APA, or such other date as the Vendor and the Purchaser may mutually agree upon in writing.
42. With respect to the First Addendum to the APA, as at the date of this First Report:
- (a) The Heating Solution is expected to be complete in February 2025;
 - (b) All initial investigative and scoping work has been completed by the Environmental Consultant; and
 - (c) The Environmental Consultant has commenced the Phase II ESA, targeted to be completed by the end of March 2025.

Inventory and Furniture, Fixtures, and Equipment

43. As noted above, given that the Company did not have detailed supporting records for the Assets, on January 10, 2024, the Receiver arranged for McDougall to attend the Premises to compile listings of the Assets and to complete the McDougall Appraisal.

Concurrently, the Receiver also requested McDougall provide an auction proposal to liquidate the Assets, which McDougall provided on February 27, 2024 (the “**McDougall Auction Proposal**”), attached hereto as **Appendix I**. The salient terms of the McDougall Auction Proposal were as follows:

- (a) McDougall was only prepared to enter into a straight auction proposal, and was not prepared to provide a net minimum guarantee, or “cash offer”;
 - (b) McDougall would retain 20% of the gross proceeds from the sale of the Assets (excluding any buyer’s premiums and sales taxes), along with \$7,500 on account of expenses;
 - (c) McDougall was not responsible for any breakdowns or repairs, and any necessary repairs were to be deducted from the sale proceeds (subject to prior approval by the Receiver and McDougall);
 - (d) Any toxic or hazardous waste, or environmental pollutants of any kind, including, paints, and other chemicals remain the responsibility of the Company;
 - (e) McDougall was not responsible for filling in any pre-existing pits or holes left behind after removal of the Assets;
 - (f) McDougall reserved the right to abandon any unsalable Assets; and
 - (g) McDougall would ensure that the location would be left in a tidy manner, and should the Receiver want the building emptied, McDougall anticipated the total removal/cleaning costs to be approximately \$65,000.
44. Given the FLV of the Assets of approximately 77,000 (as noted above), the potential for McDougall to abandon any unsalable Assets, and the anticipated removal/cleaning costs of \$65,000, the Receiver sought clarification from McDougall as to whether an auction was practical in the circumstances. McDougall confirmed that due to the age, condition, size, and quantity of the Assets, they were not optimistic that any net realizations would be recovered by the estate. Further, with the risk that a material quantity of the Assets may not be saleable, the removal/cleaning costs may even exceed the \$65,000 estimate.

45. During the period of March 2024 to June 2024, the Receiver corresponded with a number of parties who were aware of the receivership proceedings, and who expressed an interest in certain of the Assets. Despite the Receiver's best efforts to informally negotiate certain sales, very few transactions were completed. Accordingly, in June 2024, the Receiver reengaged with McDougall to revisit the potential auction, along with the costs associated with Asset removal and disposal (collectively the "**Equipment Sale/Disposal Efforts**", and together with the Real Property Sales Process, the "**Sales Process**"), as Nawoc was only interested in completing the Transaction if the building was free of all Assets.
46. In early June 2024, with the assistance of McDougall, the Receiver made arrangements to have Interlake Salvage attend the Premises to view the Assets and provide a quote to dispose of same. On June 13, 2024, the Receiver was provided with a quote from Interlake Salvage to remove the Assets at an approximate cost of \$416,700, which quote is attached hereto as **Appendix J**.
47. Concurrently, McDougall also provided the Receiver with an alternate scrap dealer that they had worked with in the past, 5139776 Manitoba Ltd. ("**5139 MB Ltd.**"). The Receiver entered into discussions with McDougall and 5139 MB Ltd. over the months of June and July 2024, and on August 1, 2024, an agreement was reached with 5139 MB Ltd. (the "**5139 MB Ltd. Agreement**"), attached hereto as **Appendix K**, to dispose of the Assets at no cost to the Receivership estate. The salient terms of the 5139 MB Ltd. Agreement were as follows:
- (a) Certain third-party assets were excluded and were to be dealt with by the Receiver;
 - (b) The Assets were notionally sold on an "as is, where is" basis, with no representations or warranties;
 - (c) Removal period was to be between August 6, 2024 and November 11, 2024; and
 - (d) Any assets deemed more valuable than salvage prices by 5139 MB Ltd. and McDougall were to be sold by McDougall with a sharing of proceeds amongst McDougall, 5139 MB Ltd., and the Receiver.

48. Given the potential disposal costs to the receivership estate in the event the Assets did not sell at auction, and the condition in the APA requiring that the building be free of all Assets, in consultation with BDC, it was determined that the 5139 MB Ltd. Agreement was reasonable in the unique circumstances.
49. Based on the Sales Process, with the support of BDC, the Receiver entered into the APA with Nawoc, the First Addendum to the APA, and the 5139 MB Ltd. Agreement, in order to provide the APA with the best opportunity to close. The Receiver is recommending the Court approve the Transaction for, among others, the following reasons:
- (a) The aggregate consideration of the Transaction approximates the highest expected realization as submitted in the Listing Proposals (as detailed in the Confidential Report);
 - (b) The Transaction is expected to provide net realizations for the Real Property equivalent to, or better than, what would be expected in a bankruptcy scenario;
 - (c) Approval of the APA will provide certainty to the Purchaser that the Transaction can close unopposed, subject only to the removal of the remaining environmental conditions;
 - (d) Approval of the Transaction will limit the ongoing costs of holding and monitoring the Premises currently being borne exclusively by BDC;
 - (e) While the Real Property could have been relisted with a realtor for a period of time, the Company's previous efforts with listing the Real Property generated limited interest, and any further delay risked Nawoc potentially losing interest in completing the Transaction;
 - (f) While the Assets could have been sold by way of auction, in the Receiver's view it was unlikely that this would have resulted in any net realizations to the estate, and may have resulted in the estate having to fund the costs of disposing of the Assets;
 - (g) The Transaction provides certainty for a unique property in an uncertain market; and

- (h) The Sales Process, although unique, was conducted in a fair and transparent manner, and with integrity.
50. As previously indicated, the Receiver discussed and shared all Listing Proposals, the APA, the First Addendum to the APA, and the 5139 MB Ltd. Agreement with BDC, and BDC is in support same.

Hazardous Materials

51. Given Kromar's extant printing operations, as at the Date of Receivership, there were a number of solvents and ink (collectively, the "**Hazardous Materials**") stored on the Premises. With assistance from Management, the Receiver engaged in discussions with a select group of parties to determine if there was any interest in purchasing the Hazardous Materials, but with no interest materializing, the Receiver sought quotes from certified third-party disposal companies and appropriately disposed of the Hazardous Materials in accordance with environmental regulations.

PRIORITY CREDITOR CLAIMS

52. On May 11, 2024, the Receiver received a written opinion (the "**Security Opinion**") from its independent legal counsel, Pitblado LLP ("**Pitblado**"), opining that the BDC Security (i.e. *The Personal Property Security Act* (Manitoba) registrations and *The Real Property Act* (Manitoba) registrations) is valid and enforceable. The Security Opinion also identified the following additional secured parties:
- (a) Jaycap Financial Ltd.;
 - (b) CWB National Leasing Inc.;
 - (c) WBG Auto Ltd.;
 - (d) Hitachi Capital Canada Corp.;
 - (e) 7303948 Manitoba Ltd.; and
 - (f) Volume Freight Solutions Inc.

As the Security Opinion did not provide any commentary in respect of priorities, the Receiver intends to further discuss same with Pitblado in advance of the next Court hearing in these proceedings, where the Receiver anticipates making a motion for a distribution and discharge order.

53. In respect of certain other potential priority creditors, the Receiver can advise as follows:
- (a) On February 29, 2024, Canada Revenue Agency (“**CRA**”) provided the Receiver with the results of its trust examinations on account of both unremitted payroll source deductions and goods and services tax (“**GST**”) owing as at the Date of Receivership, summarized as follows:
 - (i) Aggregate unremitted payroll source deductions in the amount of approximately \$1,902,394, of which CRA is asserting approximately \$1,203,286 is a deemed trust priority claim (the “**CRA Source Deduction Property Claim**”);
 - (ii) Aggregate unremitted GST in the amount of approximately \$549,838, of which CRA is asserting approximately \$459,401 is a deemed trust priority claim (the “**CRA GST Property Claim**”).
 - (b) As detailed in the Matson Affidavit, on December 14, 2022, the City of Winnipeg (the “**City**”) registered a tax certificate with the LTO detailing that the Real Property had been “transferred to tax sale” and “sold in tax sale” on account of unpaid taxes for the years 2019 to 2022. On August 30, 2023, the City advised BDC that the Real Property had been sold in a tax sale on December 9, 2022, and that notwithstanding the tax sale, title to the Real Property remained with the Company, who had until the first week of December 2023 to redeem same. As detailed in Exhibit 23 of the Matson Affidavit, the redemption amount as at August 30, 2023 was approximately \$372,585 (the “**City Property Tax Claim**”).
 - (c) On March 7, 2024, a notice of assessment was sent to the Receiver from Manitoba Finance Taxation Division (“**Manitoba Finance**”) detailing that approximately \$2,400 was owing by the Company as at the Date of Receivership on account of

unremitted retail sales tax (“**RST**”) (the “**Manitoba Finance RST Priority**”).

(d) On January 10, 2024, the Receiver sent WEPP prescribed information to the twenty-two (22) former employees of the Company with unpaid wages and vacation pay owing as at the Date of Receivership. Based on correspondence from Service Canada dated December 28, 2024, the priority claim of the Government of Canada in accordance with section 81.3(1) and 81.4(1) of the BIA was approximately \$28,085 (the “**WEPP Priority Claim**”).

54. Other unsecured creditors include third parties who have not asserted any security interest in the Property or proceeds therefrom. As at the Date of Receivership, the Company listed unsecured creditors with claims of approximately \$3.0 million.

FEES AND DISBURSEMENTS OF THE RECEIVER AND ITS LEGAL COUNSEL

55. Pursuant to paragraph 20 of the Receivership Order, the Receiver and its legal counsel shall pass their accounts from time to time. The Receiver is of the view that the primary party of interest is BDC given that they hold a priority interest over all of the Property of the Company. BDC has been served with this First Report and has been provided with all invoices of the Receiver within these proceedings.

56. Attached as **Appendix L** is the invoice of Deloitte, in its capacity as Receiver, for fees and disbursements incurred during the course of the proceedings for the period November 30, 2023 to December 15, 2023. Deloitte’s accounts total \$24,355 in fees and disbursements, inclusive of GST.

57. The fees charged by Deloitte are based on the amount of professional time required at hourly billing rates, which vary depending upon the experience level and location of professionals involved. The average blended hourly rate charged by Deloitte in these proceedings for the invoice issued is \$359 per hour. The rates charged by Deloitte are the normal rates and charges for engagements of this nature, and are comparable to the rates charged for the provision of services by other professional firms providing specialized financial advisory services.

58. The Receiver is of the view that Deloitte's fees and disbursements are fair and reasonable in the circumstances and have been duly rendered in response to the required and necessary duties of the Receiver in accordance with the provisions of the Receivership Order.
59. Attached as **Appendix M** is a summary of the invoices of BDO, in its capacity as Receiver, for fees and disbursements incurred during the course of the proceedings for the period December 22, 2023 to December 18, 2024. BDO's accounts total \$176,646 in fees and disbursements, inclusive of GST.
60. The fees charged by the BDO are based on the amount of professional time required at hourly billing rates, which vary depending upon the experience level and location of professionals involved. The average blended hourly rate charged by BDO in these proceedings for invoices issued to date is \$451 per hour. The rates charged by BDO are the normal rates and charges for engagements of this nature, and are comparable to the rates charged for the provision of services by other professional firms providing specialized financial advisory services.
61. The Receiver is of the view that BDO's fees and disbursements are fair and reasonable in the circumstances and have been duly rendered in response to the required and necessary duties of the Receiver in accordance with the provisions of the Receivership Order.
62. Attached as **Appendix N** is a summary of the invoices of the Receiver's legal counsel for fees and disbursements incurred during the course of the proceedings for the period November 27, 2023 to January 8, 2025. The accounts total \$72,945 in fees and disbursements inclusive of RST and GST.
63. The Receiver has reviewed the invoices rendered by its legal counsel and finds them reasonable and validly incurred in accordance with the provisions of the Receivership Order.
64. Copies of the invoices of the Receiver's legal counsel, which outline the dates the work was completed, the description of the work completed, the length of time taken to complete the work, and the names and rates of the individuals who completed the work,

can be made available to the Court upon request.

INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

65. The Receiver has prepared an Interim Statement of Receipts and Disbursements for the period November 30, 2023 to January 31, 2025 for the Company, a copy of which is attached hereto as **Appendix O**. Total receipts were \$582,842 (inclusive of the Receiver's borrowings) and total disbursements were \$575,377, resulting in \$7,465 being held in trust by the Receiver.
66. As at the date of this First Report, in accordance with paragraph 22 of the Receivership Order, the Receiver borrowed \$350,000 from the Court authorized Borrowing Facility to fund the receivership proceedings. With the support of BDC, the Receiver is requesting an increase in the Receiver's Borrowings Charge of \$300,000, increasing same to an aggregate of \$800,000. The increase in the Receiver's Borrowings Charge is necessary given the anticipated ongoing costs of the receivership proceedings, and the conditions imposed on the Receiver under the APA and the First Addendum to the APA, as additional funding will be necessary for the Phase II ESA, the Heating Solution, and ongoing holding costs associated with the Premises.

APPROVALS SOUGHT

67. For the reasons outlined above, the Receiver respectfully requests that the Court provide an Order:
- (a) Approving the First Report and the reported actions of the Receiver since the Date of Receivership in respect of administering these receivership proceedings, including approving the Receiver's Interim Statement of Receipts and Disbursements for the period November 30, 2023 to January 31, 2025 and the Receiver's Sales Process;
 - (b) Approving the APA and the Transaction with Nawoc;
 - (c) Approving of an increase in the Borrowing Facility;

- (d) Approving the fees and disbursements of Deloitte, BDO, and its legal counsel for the period November 30, 2023 December 15, 2023, December 22, 2023 to December 18, 2024, and November 27, 2023 to January 8, 2025, respectively;
- (e) Sealing the Confidential Supplement in the Court file; and
- (f) Granting such further and other relief that the Court considers just and warranted in the circumstances.

All of which is respectfully submitted at Winnipeg, Manitoba, this 7th day of February 2025.

BDO CANADA LIMITED

In its capacity as Receiver of
Kromar Printing Ltd.
and not in its personal capacity.



Per: Brent Warga, CPA, CA, CIRP, LIT
Senior Vice-President

Appendix A – Receivership Order

THE KING'S BENCH
Winnipeg Centre

IN THE MATTER OF: THE APPOINTMENT OF A RECEIVER PURSUANT TO
SECTION 243 OF THE BANKRUPTCY AND INSOLVENCY
ACT R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 55
OF *THE KING'S BENCH ACT*, C.C.S.M. c. C280

BETWEEN:

BUSINESS DEVELOPMENT BANK OF CANADA,

Applicant,

-and-

KROMAR PRINTING LTD.,

Respondent.

ORDER
(Appointing Receiver)

MLT AIKINS LLP
Barristers and Solicitors 30th Floor – 360 Main Street
Winnipeg, Manitoba R3C 4G1

J.J. BURNELL / ANJALI SANDHU
Telephone: (204) 957-4663 / (204) 957-4760
Facsimile: (204) 957-0840

File No. 0113963.00023

other person although duly served as appears from the affidavit of service of Maryna Kozik sworn November 29, 2023 and the Affidavit of Service of Liam Menec sworn November 29, 2023 and on reading the consent of Deloitte Restructuring Inc. to act as the Receiver, and upon the withdrawal by The City of Winnipeg of its objection to the relief contained in paragraphs 9 and 10 herein,

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Application 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 55 of the KB Act, Deloitte Restructuring Inc. is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the "Property").

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 undertake environmental or workplace safety and health 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;

- (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 \$500,000.00; 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 59(10) of *The Personal Property Security Act* (Manitoba), or section 134(1) of *The Real Property Act* (Manitoba), as the case may be, shall not be required.

- (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 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;
- (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;
- (s) to voluntarily assign the Debtor into bankruptcy; and
- (t) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.
- (u) 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, including a tax sale for unpaid real property taxes or transfer of title for in respect of unpaid real property taxes (together, "**Tax Sale and Transfer**") under *The City of Winnipeg Charter*, R.M. 2002 c. 39 (the "**Charter**") 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 and Tax Sale and Transfer currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court provided; however, that nothing in this Order shall affect a Regulatory Body's investigation in respect of the Debtor or an action, suit or proceeding that is taken in respect of the Debtor by or before the Regulatory Body, other than the enforcement of a payment order by the Regulatory Body of the Court. "**Regulatory Body**" means a person or body that has powers, duties or functions relating to the enforcement or administration of an Act of Parliament or of the legislature of a province.

NO EXERCISE OF RIGHTS OR REMEDIES

10. THIS COURT ORDERS that all rights and remedies against the Debtor, the Receiver, or affecting the Property, including any Tax Sale and Transfer and any right,

remedy, action or application by The City of Winnipeg (the "**City**") in respect of the land (the "**Land**") legally described as:

STATUS OF TITLE NO. 1363513/1

LOTS 1 TO 21 PLAN 114 WLTO (W DIV) PARISH OF ST JAMES

EXC OUT OF SAID LOT 7 TO 21, THE ELY 8 FEET

AND EXC OUT OF SAID LOT 6 ALL THAT PORTION OF THE MOST ELY 8 FEET WHICH LIES OT THE NORTH OF A LINE DRAWN SOUTH OF PARALLEL WITH AND PERP DISTANT 16.5 FEET FROM THE NORTHERN LIMIT OF LOT 1 PLAN 171 WLTO (W DIV) IN SAID PARISH

including, but not limited to any application by the City to the District Registrar of the Winnipeg Land Titles Office (the "**Registrar**") for a certificate of title ("**Certificate of Title**") to the Land to be issued in the name of the City, and for a transmission ("**Transmission**") under *The Real Property Act*, C.C.S.M. c. R30 are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court and the Registrar is hereby stayed from accepting an application for a Certificate of Title or Transmission, and from issuing a Certificate of Title or Transmission in respect of the Land 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.

11. THIS COURT ORDERS that all time periods in respect of the Tax Sale and Transfer provisions under the Charter, including the City's obligations under section 389 of the Charter are tolled while the stay is in effect.

NO INTERFERENCE WITH THE RECEIVER

12. 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

13. 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

14. 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

15. 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

16. 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

17. 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 Environment Act* (Manitoba), *The Water Resources Conservation Act* (Manitoba), *The Contaminated Sites Remediation Act* (Manitoba), *The Dangerous Goods Handling and Transportation Act* (Manitoba), *The Public Health Act* (Manitoba) or *The Workplace Safety and Health Act* (Manitoba), 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

18. 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

19. 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.

20. 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 this Court, but nothing herein shall fetter this Court's discretion to refer such matters to a Master of this Honourable Court.

21. 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

22. 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.

23. 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.

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

25. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

SERVICE AND NOTICE

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

27. THIS COURT ORDERS that counsel for the Receiver shall prepare and keep current a service list ("**Service List**") containing the name and contact information (which may include the address, telephone number and facsimile number or email address) for service to: the Applicant; the Receiver; and each creditor or other interested Person who has sent a request, in writing, to counsel for the Receiver to be added to the Service List. The Service List shall indicate whether each Person on the Service List has elected to be served by email or facsimile, and failing such election the Service List shall indicate service by email. The Service List shall be posted on the website of the Receiver at the

address indicated in paragraph 28 herein. For greater certainty, creditors and other interested Persons who have received notice of this Order and who do not send a request, in writing, to counsel for the Receiver to be added to the Service List, shall not be required to be further served in these proceedings.

28. THIS COURT ORDERS that the Confidential Affidavit be filed under seal, kept confidential and is not to form part of the public record, and shall remain stored with this Court separate and apart from all other contents of the Court File, in a sealed envelope attached to a notice which sets out the title of these proceedings and a statement that the contents are subject to a sealing order and shall only be made available or form part of the public record after these restructuring proceedings have been completed or further Order of this Court.

29. THIS COURT ORDERS that the Applicant, the Receiver, and any party on the Service List may serve any court materials in these proceedings by facsimile or by e-mailing a PDF or other electronic copy of such materials to counsels' email addresses as recorded on the Service List from time to time, and the Receiver may post a copy of any or all such materials on its website at www.insolvencies.deloitte.ca/en-ca/kromar Service shall be deemed valid and sufficient if sent in this manner.

GENERAL

30. 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.

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

32. 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.

33. 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.

34. 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 solicitor-client basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

35. THIS COURT ORDERS that the Receiver's Charge and the Receiver's Borrowings Charge granted in paragraphs 18 and 21, respectively, are granted on a without prejudice basis and are not determinative of priority in respect of any valid deemed trust claim of His Majesty in right of Canada ("**HMK**") and the granting of the Receiver's Charge and the Receiver's Borrowings Charge in this matter shall not be used as a precedent for future matters. HMK can file a motion to determine the priority of the Receiver's Charge, the Receiver's Borrowings Charge and HMK's deemed trust claims any time prior to a distribution order being granted by the Court in respect of this matter.

36. 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.

December 1, 2023

C. MARTIN

Martin, J.

I, ANJALI SANDHU OF THE FIRM OF MLT AIKINS LLP HEREBY CERTIFY THAT I HAVE RECEIVED THE CONSENTS AS TO FORM OF THE FOLLOWING PARTIES:

Thomas Frohlinger, PKF Lawyers, counsel for the Debtor

Catherine Howden, Pitblado LLP, counsel for the Receiver

Penny L. Piper, Attorney General of Canada, counsel for Canada Revenue Agency

Kalev Anniko, Fillmore Riley LLP, counsel for JayCap Financial Ltd.

Janelle Wagner, City of Winnipeg Legal Services, counsel for The City of Winnipeg

Scott Robillard, Manitoba Hydro Law Division, counsel for The Manitoba-Hydro Electric Board

AS DIRECTED BY THE HONOURABLE MR. JUSTICE MARTIN.

SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

37. THIS IS TO CERTIFY that Deloitte Restructuring Inc., the receiver (the "**Receiver**") of the assets, undertakings and properties of Kromar Printing 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 King's Bench, Winnipeg Centre (the "**Court**") dated the 30th day of November, 2023 (the "**Order**") made in an action having Court file number _____, 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 \$500,000.00 which the Receiver is authorized to borrow under and pursuant to the Order.

38. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded monthly not in advance on the last day of each month after the date hereof at a notional rate per annum equal to the rate of 1.000% per cent above the floating base rate of Business Development Bank of Canada from time to time.

39. 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.

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

41. 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.

42. 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.

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

DATED the _____ day of _____, 20____.

DELOITTE RESTRUCTURING INC., solely in
its capacity
as Receiver of the Property, and not in its
personal capacity

Per: _____

Name:

Title:

Appendix B – December 22, 2023 Order

THE KING'S BENCH
Winnipeg Centre

IN THE MATTER OF: THE APPOINTMENT OF A RECEIVER PURSUANT TO
SECTION 243 OF THE BANKRUPTCY AND INSOLVENCY
ACT R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 55
OF *THE KING'S BENCH ACT*, C.C.S.M. c. C280

BETWEEN:

BUSINESS DEVELOPMENT BANK OF CANADA,

Applicant,

-and-

KROMAR PRINTING LTD.,

Respondent.

ORDER

MLT AIKINS LLP
3000 – 360 Main Street
Winnipeg, Manitoba R3C 4G1

J.J. BURNELL/ANJALI SANDHU
Ph: (204) 957-4663 / (204) 957-4760
Fax: (204) 957-0840
File No. 0135165.00011

Box #3

Substitution

2. **THIS COURT ORDERS** that BDO be and hereby is substituted in place of Deloitte, as:
 - a. Receiver (“**Receiver**”) of all matters listed in Schedule “A” attached hereto (the “**Receivership Estates**”); and
 - b. Monitor (“**Monitor**”) of all matters listed in Schedule “B” attached hereto (the “**CCAA Estate**” and together with the Receivership Estates, the “**Estates**”).

Discharge

3. **THIS COURT ORDERS** that Deloitte is hereby discharged as:
 - a. Receiver of the assets, undertakings and properties of the debtors of the Receivership Estates; and
 - b. Monitor of the CCAA Estate.
4. **THIS COURT ORDERS** that upon its discharge Deloitte shall have no further duties, obligations, or responsibilities in respect of the Estates, provided however that notwithstanding its discharges herein Deloitte shall continue to have the benefit of the provisions of the *Bankruptcy and Insolvency Act* (the “**BIA**”), the *Companies’ Creditors Arrangement Act* (the “**CCAA**”), and all orders pronounced in each of the Estates (the “**Orders**”), including all approvals, protections and stays of proceedings and charges in favour of Deloitte in its capacity as Receiver or Monitor of the Estates, as the case may be.

5. **THIS COURT ORDERS** that the discharges set out in paragraph [3] shall be without prejudice to the rights of the Superintendent of Bankruptcy or other professional body, to commence or pursue any professional conduct matters relating to the Estates.
6. **THIS COURT ORDERS AND DECLARES** that Deloitte shall not be required to: (i) undertake to keep all estate books, records and documents as provided by Rule 68 of the BIA; or, (ii) submit a final report and statement of accounts provided by section 246(3) of the BIA.
7. **THIS COURT ORDERS AND DECLARES** that, subject to paragraph [21] below Deloitte is hereby released and discharged from any and all liability that Deloitte now has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of Deloitte while acting in its capacity as Receiver and Monitor, as the case may be, of the Estates as described in the Receiver's or Monitor's reports as approved by the Court (the "**Reports**") filed in the respective Estates' proceedings (the "**Proceedings**"), save and except for any gross negligence or wilful misconduct on Deloitte's part. Without limiting the generality of the foregoing, Deloitte is hereby forever released and discharged from any and all liability relating to matters that were raised in respect of the Reports, or which could have been raised, save and except for any gross negligence or wilful misconduct on Deloitte's part.
8. **THIS COURT ORDERS AND DECLARES** that no action or other proceeding shall be commenced against Deloitte, including its current and former officers, directors, employees, solicitors and agents and assigns in any way arising from or related to its capacity or conduct as the Receiver or Monitor of the Estates, as the case may be, except with prior leave of the Court in respect of such Estates, on notice to Deloitte, and upon such terms as this Court may direct.

Vesting

9. **THIS COURT ORDERS** that BDO is hereby vested with the powers and protections granted to the Receiver and the Monitor under the BIA, the CCAA and the Orders pronounced in the Proceedings.

Estate Administration

10. **THIS COURT ORDERS AND DIRECTS** Deloitte to deliver all property of the Estates, including all books, records and electronic website files, in the possession of control of Deloitte to BDO in its capacity as Receiver or Monitor, as the case may be.
11. **THIS COURT ORDERS AND DIRECTS** Deloitte to hereby transfer to BDO all funds that remain in its consolidated trust bank accounts and all other trust bank accounts that belong to the Estates, and Deloitte and BDO are hereby authorized to take all steps and execute any instrument or documentation required or necessary for such purpose.
12. **THIS COURT ORDERS** that in its capacity as substituted Receiver or Monitor, as the case may be BDO is hereby authorized to endorse for deposit, deposit, transfer, sign, accept or otherwise deal with all cheques, bank drafts, money orders, cash or other remittances received in relation to any of the Estates where such cheques, bank drafts, money orders, cash or other remittances are made payable or delivered to Deloitte, in relation to the same, and any bank, financial institution or other deposit-taking institution with which BDO may deal and is hereby authorized to rely on this order for all purposes of this paragraph.
13. **THIS COURT ORDERS AND DIRECTS** (i) the Registrar of Land Titles, in any Land Title District; (ii) the Registrar of the Manitoba Personal Property Registry; and, (iii) the Director of the Companies' Office, wherein any registration was previously made by Deloitte in its capacity as Receiver or Monitor of an Estate, as the case may be, to amend any such registration to reflect the substitution of BDO for Deloitte as Receiver or Monitor, upon notice by BDO.

14. **THIS COURT ORDERS** that BDO is authorized and directed to continue and to complete the administration of the Estates and to deal with the Estates' property, in accordance with the duties and functions of a Receiver, as set out in the BIA and the orders pronounced in the Receivership Estates (the "**Receivership Orders**"), and as a Monitor, as set out in the CCAA and the orders pronounced in the CCAA Estate (the "**CCAA Orders**").
15. **THIS COURT ORDERS** that BDO is entitled to any remuneration arising from the services performed in the respective Estates from and after the effective date of this order until its discharge, and BDO, together with its counsel shall have the benefit of all court-ordered charges over the assets, undertakings and properties of the respective debtors or Applicants of the Estates, as the case may be and as provided for in the respective Orders, together *pari passu* with Deloitte and its counsel, for their respective accounts.
16. **THIS COURT ORDERS** that BDO shall be required and responsible to pass the Receiver's and Monitor's accounts with respect to all work performed in respect of the Estates after the effective date of this order, through to the completion of the administration of such Estates and discharge of BDO as the new Receiver or Monitor, as the case may be.
17. **THIS COURT ORDERS** that in respect of Deloitte's unpassed accounts in each of the Proceedings, that the responsibility to pass such accounts is hereby assigned and transferred to BDO, and that BDO shall use best efforts to pass Deloitte's accounts which remain unpassed to date in the course of the Estates' Proceedings and, if such accounts are approved by the this Honourable Court, such amounts shall be held in trust for and distributed to Deloitte by BDO.
18. **THIS COURT ORDERS** that BDO shall not be required to: (i) prepare and send the notice referred to under section 245 of the BIA to the Superintendent of Bankruptcy or to any other person, (ii) prepare and send the statement referred to

under section 246(1) of the BIA to the Superintendent of Bankruptcy or to any other person, or (iii) file the report required under sections 23(1)(b) of the CCAA.

General

19. **THIS COURT ORDERS** that the requirement for a separate Notice of Motion and supporting Affidavit to be filed in the respective Court file of each of the Estates is hereby waived.
20. **THIS COURT ORDERS AND DIRECTS** that BDO shall cause a copy of this order to be filed in the Estate Proceedings.
21. **THIS COURT ORDERS** that BDO shall serve a copy of this order, together with the new website address for the Estate, on every party on the respective service lists (as defined in the respective Orders) of the Proceedings. Any party so served may apply to this Court to vary or amend paragraph [7] within fourteen (14) days of the date of service, on notice to Deloitte and BDO.
22. **THIS COURT ORDERS** that BDO be granted leave to apply to this Court as necessary for further orders or advice and directions with respect to the subject matter of this order.
23. **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 BDO 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 BDO, as an officer of this Court, as may be necessary or desirable to give effect to this order or to assist BDO and its agents in carrying out the terms of this order.

December 22, 2023

C. MARTIN

, J.

Schedule "A"

Name	Court of King's Bench File No.
BANK OF MONTREAL v. 3816410 MANITOBA LTD.	CI 23-01-41060
BUSINESS DEVELOPMENT BANK OF CANADA v. KROMAR PRINTING LTD.	CI 23-01-43791

Schedule "B"

Name	Court of King's Bench File No.
RE: POLAR WINDOW OF CANADA LTD., ACCURATE DORWIN (2020) INC., GLASS 8 INC., NATIONAL INTERIORS (2021) INC., 12986647 CANADA LTD. o/a ALLSCO WINDOWS & DOORS, 12986591 CANADA LTD. o/a ALWEATHER WINDOWS & DOORS, POLAR HOLDING LTD., 10064720 MANITOBA LTD. AND 12986914 CANADA LTD.	CI 23-01-39360

Appendix C – McDougall Auctioneers Ltd. Appraisal



Report Date: February 2, 2024
Effective Date: February 2, 2024

APPRAISAL REPORT



TRANSMITTAL LETTER

February 2, 2024

John Fritz
BDO Canada Limited
201 Portage Ave.
Winnipeg MB.
R3C 0B9

Re: Appraisal of Assets Belonging to Kromar Printing Ltd. (77895)

Dear John Fritz,

At your request, we have prepared an appraisal of certain assets owned by Kromar Printing Ltd., a copy of which is enclosed. This appraisal report is intended for exclusive use by John Fritz of BDO Canada Limited and is intended only for establishing values of the listed assets.

The subject assets were appraised under the premise of Forced Liquidation Value & Orderly Liquidation Value, for internal consideration.

The cost and market approaches to value have been considered for this appraisal and have either been utilized where necessary or deemed inappropriate for the value conclusions found therein.

After a thorough analysis of the assets and information made available to us, it is our opinion that as of the Effective Date, these assets have a Forced Liquidation Value & Orderly Liquidation Value in Canadian Funds as shown on the certificate that we have prepared.

We certify that neither we nor any of our employees have any present or future interest in the appraised property. The fee charged for this appraisal was not contingent on the values reported. As such, the results stated in this letter of transmittal cannot be fully understood without the accompanying report and this letter should not be separated from the report.

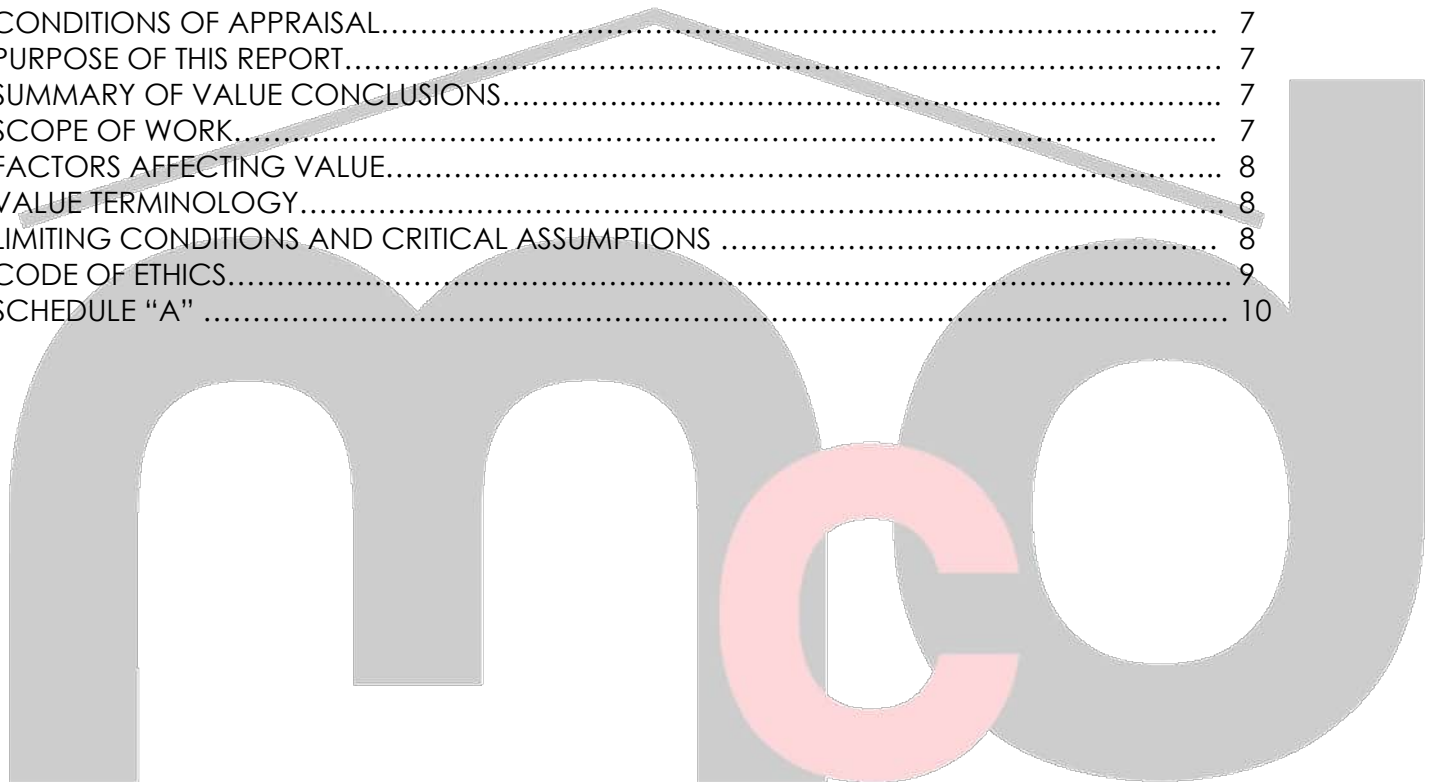
If you require any additional information, please feel free to contact me at your convenience.

Sincerely,

Mike Yurkiw, CPPA
Certified Appraiser
McDougall Auctioneers Ltd.

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CERTIFICATE OF VALUE

Proof of certification that on this given date,
the specified assets belonging to:

Kromar Printing Ltd.
725 Portage Ave.
Winnipeg Manitoba
R3G 0M8

Were personally inspected in order to determine
a **Forced Liquidation Value & Orderly Liquidation Value** of:

Total Forced Liquidation Value: \$76,936.00
Total Orderly Liquidation Value: \$132,462.50

Mike Yurkiw, CPPA
Certified Appraiser
McDougall Auctioneers Ltd.

THIS PAGE IS NOT AN APPRAISAL REPORT. THE APPRAISAL REPORT MUST BE READ IN ITS ENTIRETY.

CERTIFICATION OF INSPECTION AND APPRAISAL

I do hereby certify that:

- The statement of fact contained in this appraisal report, upon which the analysis, opinions and conclusions expressed herein are based, are true and accurate.
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, unbiased professional analyses, opinions and conclusions.
- We have no present or prospective interest in the subject property or assets which are the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- Mike Yurkiw of McDougall Auctioneers Ltd. has successfully completed the personal property appraiser certification program with the Certified Personal Property Appraisers' Group of Canada, and is a member in good standing. This report was prepared in accordance with the standards and practices of the Certified Personal Property Appraisers Group, which has review authority of this report.
- Our engagement was not contingent upon developing or reporting predetermined results.
- Our compensation was not contingent upon the reporting of a predetermined value, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- An inspection of the assets included in this report was made by Mike Yurkiw on February 2, 2024.
- No one other than the undersigned and any listed personnel provided significant appraisal assistance in the preparation, analysis, opinions, and conclusions concerning the property that is set forth in this appraisal report. Mike Yurkiw conducted the site visits and research. Mike Yurkiw examined and compared asking prices on the assets appraised.

Sincerely,

Mike Yurkiw, CPPA
Certified Appraiser
McDougall Auctioneers Ltd.

COMPANY OVERVIEW AND CONTACT INFORMATION

Owner Name:	Kromar Printing Ltd.
Industry:	Printing & Advertising
Locations Inspected:	725 Portage Ave. Winnipeg Manitoba R3G 0M8
Company Contacts:	N/A
Company Website:	N/A
Head Office Address:	N/A



APPRAISAL OVERVIEW

Method of Valuation:	Forced Liquidation Value & Orderly Liquidation Value
Date of Valuation:	February 2, 2024
Inspection Date:	February 2, 2024
Effective Date:	February 2, 2024

ASSET OVERVIEW

Asset Type:	Office & Printing
Asset Condition:	N/A

CONDITIONS OF APPRAISAL

The value stated in this appraisal report is based on the best judgement of the appraiser, given the facts and conditions available at the date of valuation.

The use of this report is limited to the purpose of determining the value of the assets. This report is to be used in its entirety only.

PURPOSE OF THIS REPORT

The purpose of this appraisal report is to provide an opinion of value of the Subject for internal consideration and to assist John Fritz of BDO Canada Limited in establishing a current Forced Liquidation Value & Orderly Liquidation Value for financial considerations.

This report is not intended to be used for any other purpose. Based on the purpose of the appraisal, we have valued the subject assets under the premise of Forced Liquidation Value & Orderly Liquidation Value.

SUMMARY OF VALUE CONCLUSIONS

Based upon my analysis and the methodology, I estimate the Forced Liquidation Value at \$76,936.00 & Orderly Liquidation Value at \$132,462.50 as of February 2, 2024.

The scope of my work was an examination of information supplied by John Fritz of BDO Canada Limited.

In my analysis, I considered all the approaches to value (i.e., the cost approach, the sales comparison approach, and the income approach). The appropriate approaches were then utilized, and the resulting value conclusions were reconciled.

The value opinions expressed in this appraisal are contingent upon the analysis, facts, and conditions presented in the accompanying appraisal report.

I, the appraiser do understand that this valuation is being prepared for financial consideration by John Fritz of BDO Canada Limited.

SCOPE OF WORK

Valuation process and methodology, the appraiser employed the following procedures to determine the value conclusions rendered herein:

- Review and analysis of asset records and other informational materials.
- Attended asset location to inspect and analyze the assets and equipment.

FACTORS AFFECTING VALUE

AGE & CONDITION:

The equipment is of average age and appears to be in average condition. Regular maintenance and cleaning appears to have been completed as required. This is based on a visual inspection only and not a review of maintenance records.

QUALITY:

Some items are of better quality with some recognized brand names within the industry.

ANALYSIS:

Most items on this asset list are older and the technology is out of date. A majority of the items are worth scrap value.

VALUE TERMINOLOGY

A discounted value due to time restraints on selling or bad location. This is a value with goods disconnected and out of their home environment. The value generally affects accordingly.

LIMITING CONDITIONS AND CRITICAL ASSUMPTIONS

This appraisal report and the above noted recovery values are based on a subject to the following conditions, qualifications, assumptions, and limitations:

TITLE TO THE ASSETS

No investigation has been made of, and no responsibility is assumed for, the legal description or for legal matters including title or encumbrances. Unless otherwise noted in this report, title to the property is assumed to be good and marketable. The property is valued as if it is free and clear of liens, easements, encroachments, and other encumbrances unless otherwise stated, and all improvements are assumed to lie within property boundaries. Conducting a title search is outside the scope of this appraisal.

RESPONSIBLE OWNERSHIP

It is assumed that subject assets are under responsible ownership and competent management. No allowance has been made for possible liens or encumbrances that may be against the property other than those discussed in the report.

STATED PURPOSE

This appraisal and report have been made only for the purpose stated within the transmittal letter and the body of this appraisal report. This report cannot be used for any other purpose.

VALUATION DATE

The valuation date to which the conclusions and opinions expressed in this report apply is set forth in the transmittal letter and in the report. The dollar amount of any value reported is based on the purchasing power of the Canadian dollar (or the currency specified in the report) as of that date.

INSPECTION

The subject assets were inspected as noted in the body of the report. When the date of inspection differs from the valuation date, we have assumed no material change in the condition of the property unless otherwise noted in the report.

HAZARDOUS SUBSTANCES

No allowance has been made nor was any consideration given to potential environmental problems and the possible impact those problems would have on the findings within this appraisal. It is assumed that there is full compliance with all applicable environmental regulations and laws unless non-compliance is stated, defined and considered in the appraisal report. We have not been engaged nor are we qualified to detect the existence of hazardous material, which may or may not be present on or near the property. The presence of potentially hazardous substances such as asbestos, urea-formaldehyde foam insulation, industrial wastes, etc. may affect the value of the property. The value estimate herein is predicated on the assumption that there is no such material on, in or near the property that would cause a loss in value. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge required to discover them. The client should retain an expert in this field if further information is desired.

CHANGE IN MARKET CONDITIONS

McDougall Auctioneers Ltd. is not responsible for changes in market conditions and no obligation is assumed to revise this report to reflect events or conditions which occur subsequent to the valuation date. Additionally, McDougall Auctioneers Ltd. cannot be held responsible for the inability of the owner to locate a purchaser at the appraised value.

UNEXPECTED CONDITIONS

It is assumed that there are no hidden or non-apparent conditions of the property that would affect the value of the subject assets. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.

CONFIDENTIALITY / MARKETING

This report and supporting files documentation are confidential. No part of the contents of this appraisal (including the report and the supporting file documentation) shall be disclosed to any party, or conveyed orally or in writing through advertising, public relations, news, sales, or in any other manner without the prior written consent and approval of both McDougall Auctioneers Ltd. and the client.

COURT TESTIMONY

Neither McDougall Auctioneers Ltd. or any individuals signing or associated with this report shall be required by reason of this report to give further consultation, to provide testimony, or appear in court or other legal proceedings unless specific arrangements for such services have been made.

Since conclusions by the appraiser are based upon judgements, isolation of any single element as the sole basis for comparison to the whole appraisal may be inaccurate.

The effective date of the appraisal establishes the current value and is not prospective or retrospective.

CODE OF ETHICS

COMPETENCY

Under CPPAG, McDougall Auctioneers Ltd. must disclose if there is a lack of knowledge and/or experience that would not allow us to complete this appraisal in a competent manner or to develop credible results.

McDougall Auctioneers Ltd. and the appraiser performing this appraisal have performed valuations of assets similar to the Subject Assets for various purposes in the past. In addition, the appraiser performing this appraisal has the appropriate knowledge and experience to be able to develop credible results for the purpose and use outlined in this report.

CONFIDENTIALITY

This report and supporting file documentation are confidential. Neither all nor any part of the contents of this appraisal (including the report and the supporting file documentation) shall be disclosed to any party, or conveyed orally or in writing through advertising, public relations, news, sales, or in any other manner without the prior written consent and approval of McDougall Auctioneers Ltd.

This Appraisal Report provides a summary discussion of the data, analysis, and reasoning used by the appraiser to arrive at the opinions of value identified herein. A copy of this report and the data, reasoning, and analysis supporting our value conclusions shall remain in our files and be retained for a period of at least five (5) years after preparation, or at least two (2) years after final disposition of any judicial proceeding as required by the Records Keeping section of CPPAG.

As this is an Appraisal Report, the conclusions and data contained herein can only be used by the Client for the purpose stated. The opinions and conclusions set forth in this report may not be understood properly by anyone else without additional information which is contained in the appraiser's workfile. Neither this report, nor any of the data contained herein should be distributed to another party.

Sincerely,

Mike Yurkiw, CPPA

Certified Appraiser

McDougall Auctioneers Ltd.

Mike Yurkiw

Regional Sales Manager Curriculum Vitae

EXPERIENCE

Regional Sales Manager

McDougall Auctioneers Ltd. | Winnipeg, MB | 2018 - Present

Mike currently works as a Region Sales Manager based out of the Winnipeg Manitoba branch of McDougall Auctioneers LTD. We sell a variety of items including but not limited to domestic vehicles, farm equipment, household items, antiques, heavy equipment, construction equipment, recreational equipment, and restaurant equipment. We also facilitate services regarding bankruptcies, repossessions, and business liquidations. As a regional sales manager, I work with senior management and partners to build and maintain our annual sales budgets.

Outside Sales Representative

January 2015 – February 2018

As an outside sales representative for a Manitoba - based steel company Mike would present sales proposals to potential clients, selling company products, develop effective company strategies and identifying opportunities to improve sales performances.

CNC Machinist

2005 – 2015

Mike has a 5-year background in CNC/CAD Drawing. He has Operated CNC brakes, lasers, and plasma machines.

Heavy Equipment Operator

1998 – 2013


As a heavy equipment operator, Mike would operate graders for leveling and operate backhoes and front-end loaders to load materials such as rock and dirt.


EDUCATION & TRAINING


- CAD/CNC/CAM Machinist Program – 2010
- (CPSA) Sales Program – 2015
- Canadian Personal Property Appraisal Group
- Personal Property Appraiser Accreditation Program
- Accredited February 2023



CONTACT

 204-997-8572

 Mike.y@mcauction.com

 Winnipeg, Manitoba

Kromar Printing Ltd. - 1st Floor	FLV	OLV
(5) Wood & Metal Carts		
Wood Desk	\$ 50.00	\$ 87.50
Printing Dies w/ Shelves (12 Shelves)	\$ 37.50	\$ 50.00
Antique Printers Tool Slug Cutter	\$ 55.00	\$ 97.50
Antique Hammon	\$ 50.00	\$ 90.00
Antique General Electric Saw	\$ 37.50	\$ 62.50
Wood Table & Steel Table	\$ 62.50	\$ 100.00
Original Heidelberg Antique Printing Press	\$ 425.00	\$ 600.00
Original Heidelberg Antique Printing Press	\$ 425.00	\$ 600.00
Antique Printer	\$ 50.00	\$ 62.50
Antique Miehle Printing Press	\$ 400.00	\$ 600.00
#V-21802		
Wood Drafting Table	\$ 5.00	\$ 5.00
Amergraph Exposure Unit	\$ 125.00	\$ 175.00
Paper Sheer	\$ 12.50	\$ 20.00
AGFA Camera & Dark Room	\$ 150.00	\$ 350.00
Wood Drawers	\$ 10.00	\$ 15.00
Office w/ Contents	\$ 350.00	\$ 450.00
(3) 6" Folding Tables	\$ 47.50	\$ 75.00
Metal shelf & Wood Tables	\$ 62.50	\$ 87.50
AM Printing Press	\$ 50.00	\$ 62.50
Pallets of Boxes and & Books	\$ 107.50	\$ 162.50
Original Heidelberg Cylindar Press	\$ 550.00	\$ 750.00
Toyota Electric Truck	\$ 1,750.00	\$ 2,125.00
#8HBW23		
Wood Tables	\$ 62.50	\$ 100.00
(2) Garbage Bins & Dolly	\$ 325.00	\$ 425.00
(6) Wood Totes	\$ 125.00	\$ 182.50
Komatsu FG25T-16" Fork Lift Propane	\$ 15,750.00	\$ 19,000.00
Pallet Jack	\$ 75.00	\$ 100.00
Air Tank	\$ 87.50	\$ 137.50
Ingersoll Rand NVC 400A 600x Air Dryer	\$ 1,250.00	\$ 2,750.00
Ingersoll Compressor	\$ 7,750.00	\$ 15,000.00
(2) 10' Ladders	\$ 50.00	\$ 87.50
(2) Air Pumps SEIG	\$ 87.50	\$ 175.00
(13) Pallets of Paper Sheets	\$ 175.00	\$ 250.00
Wood Crate	\$ 25.00	\$ 37.50
Wood Bench w/ Lighting & Contents	\$ 30.00	\$ 50.00
Henning Graphics Light Table	\$ -	\$ -
Pallet Jack	\$ 75.00	\$ 100.00

(19) Lockers		\$	97.50	\$	137.50
Wood Table		\$	5.00	\$	7.50
Steel Shelf w/ Paper Contents		\$	125.00	\$	157.50
Eye Wash Station w/ First Aid Kit		\$	37.50	\$	62.50
Wood Table		\$	2.50	\$	2.50
Men Roland D-63075 Print Machine	(Non-Operational)	\$	100.00	\$	250.00
Steel Rack Table		\$	50.00	\$	87.50
Pallet Jack		\$	75.00	\$	100.00
Nela Ternes Electric Manual Plate Punch		\$	175.00	\$	325.00
Pallet of Rags		\$	75.00	\$	130.00
(2) Wood Tables w/ Lighting		\$	7.50	\$	7.50
Man Miller TP104120 Printing Press	(Non-Operational)	\$	50.00	\$	100.00
#6362-00758		\$	-	\$	-
Multiple Pales of Sun Chemical Over Print Varnish		\$	20.00	\$	30.00
Multiple Cans of Sunlit Tph38 Process Cyan		\$	125.00	\$	200.00
(7) Pallets of Printing Paper		\$	330.00	\$	525.00
Miller TP10415C Printing Press	(Non-Operational)	\$	100.00	\$	250.00
#6362-0683					
(10) Metal & Wood Shelves of Used & Unused Printing Ink		\$	100.00	\$	200.00
Dolly		\$	7.50	\$	12.50
(3) Steel Cans of Glue		\$	25.00	\$	42.50
Pallet Jack		\$	50.00	\$	75.00
Table Grinder		\$	10.00	\$	15.00
Wood Table w/ Vice		\$	50.00	\$	75.00
(1) Pallets of Printing Paper		\$	105.00	\$	175.00
Man Miller	(Non-Operational)	\$	50.00	\$	100.00
Man Miller TP104/6C1LC	(Non-Operational)	\$	50.00	\$	150.00
#6362-0684					
Wood Crate		\$	25.00	\$	40.00
Raymond Electric Fork Lift		\$	2,500.00	\$	3,750.00
#31-R400TT					
Yale NRO4 Electric Fork Lift		\$	1,600.00	\$	3,750.00
#N555343					
Ferro Pro Five Battery Charger Model		\$	275.00	\$	450.00
#FR12CE55					
Precision Battery Charger Model 3PP188		\$	275.00	\$	450.00
#750EME5					
Ferro Pro Five Battery Charger Model		\$	275.00	\$	450.00
#FRZCE450M					
Part for Pumps & Motors		\$	50.00	\$	75.00
Wood Desk		\$	-	\$	-

Plolar-MOHR Eltromat Paper Cutter	no opp	\$	50.00	\$	100.00
(15) Pallets of Paper		\$	-	\$	-
(4) Steel Racks		\$	40.00	\$	55.00
Checker Steel Plate Ramp		\$	250.00	\$	400.00
Rice Lake Scale on Metal Table		\$	50.00	\$	75.00
Time Clock		\$	25.00	\$	37.50
2008 Chevrolet Express Van		\$	4,500.00	\$	5,750.00
104,426 Miles					
(4) Metal Barrles		\$	20.00	\$	35.00
Roland 700 Printing Press	2175922	\$	5,000.00	\$	2,600.00
Pallet Jack L Mobile		\$	27.50	\$	75.00
Steel Table on Wheels		\$	5.00	\$	10.00
(2) Wood Desks & Filing Cabinets & Wood Dolly		\$	10.00	\$	17.50
Pallet Jack		\$	37.50	\$	62.50
Miller TP 1045 Printing Press		\$	500.00	\$	1,550.00
(4) Steel Shelves		\$	40.00	\$	55.00
Fridge		\$	30.00	\$	45.00
7Up Cooler		\$	87.50	\$	162.50
Metal Cabinet		\$	35.00	\$	50.00
Pridmore Press		\$	35.00	\$	60.00
Wood Desk		\$	-	\$	-
(5) Pallets of Printing Paper		\$	75.00	\$	125.00
(5) Steel Shelves of Printing paper		\$	100.00	\$	175.00
Henning Graphics Light Table		\$	-	\$	-
Evese Light Table		\$	10.00	\$	25.00
Pallet of Pro Printing Cartridges		\$	-	\$	-
Wood Crate		\$	22.50	\$	37.50
Lift Rate Pallet Jack		\$	75.00	\$	100.00
Ramond Electric Pallet Jack Model 840		\$	2,250.00	\$	2,750.00
Brause Automatic Foil Staping Maching		\$	-	\$	100.00
Model BF75					
(3) Chairs & Desk		\$	15.00	\$	22.50
Wood Table		\$	10.00	\$	15.00
NuArc Light Table		\$	30.00	\$	52.50
Wood Table w/ Contents		\$	5.00	\$	7.50
No Ian Smelting Furnace and Press		\$	125.00	\$	250.00
Ludlow Supersurfacrer		\$	10.00	\$	20.00
(4) Desks w/ Dies		\$	175.00	\$	250.00
Milling Machine		\$	87.50	\$	150.00
Dupio 3500 Booklet Maker		\$	350.00	\$	1,250.00
Dupio Creaser		\$	300.00	\$	650.00

Fiery Pro C7200e Colour Printer	\$	500.00	\$	950.00
RicoH Pro 8110's Colour Printer	\$	62.50	\$	150.00
RicoH Printer SP8400DNM	\$	150.00	\$	250.00
NuArc Light Table	\$	30.00	\$	52.50
Xerox Printer JA-1	\$	87.50	\$	200.00
Shelves w/ Contents	\$	50.00	\$	87.50
Office 1 - Desk, Chair, Printer, Cabinets, Computer	\$	62.50	\$	87.50
Office 2 - Desk, Chair, Computer, Cabinets	\$	75.00	\$	112.50
Office 3 - Desk, Chair, Computer, Cabinet	\$	100.00	\$	150.00
Office 4 - Table, Chairs, Cabinets, Five Place	\$	100.00	\$	150.00
Office 5 - Printer, Desks, Chairs, Cabinets, Computer	\$	100.00	\$	162.50
Office 6 - Printer, Desk, Chairs,Cabinets, Computer	\$	162.50	\$	250.00
Office 7 - HP Printer, Tables, Chairs, Computer	\$	100.00	\$	150.00
Office 8	\$	37.50	\$	75.00
Office 9	\$	37.50	\$	62.50
Office 10 - Printer, Table, Chairs, Computer	\$	37.50	\$	75.00
Office 11 - Printer, Table, Chairs, Computer	\$	37.50	\$	75.00
Front Desk - Printer, Tables, Chairs, Computer	\$	250.00	\$	450.00
Open Space - Desks, Chairs, Computers, Cabinets	\$	300.00	\$	500.00
Henning Light Table	\$	30.00	\$	47.50
F001 Film FG950A Printer	\$	20.00	\$	35.00
Opti-Copy Imposer System	\$	5.00	\$	10.00
Office 12 - Chairs, Printers, Shelves, Keurig	\$	50.00	\$	100.00
Office 13 - Desk, Computer, Chairs	\$	25.00	\$	50.00
Office 14 - Desk, chair, Computer, Cabinets	\$	75.00	\$	137.50
Office 15 - Desk, Chairs, Computer, Cabinets	\$	50.00	\$	87.50
Office 16 - Desk, Computers, Shelves	\$	37.50	\$	75.00
Office 17 - Desk, Chairs, Cabinets, printer	\$	37.50	\$	87.50
Office 18 - Shelves of Books	\$	37.50	\$	62.50
Kromar Printing Ltd. - 2nd Floor				
Kodak Magnus 800 Platesetter	\$	500.00	\$	1,050.00
HU.Q Plate Stacker	\$	50.00	\$	100.00
Kodak K610-2362 Printer	\$	75.00	\$	25.00
Desk With Computers	\$	112.50	\$	650.00
Kodak Debris Removal Cabinet	\$	30.00	\$	55.00
Therm Fisher NH 03801	\$	30.00	\$	65.00
Canon Pro 4100 Printer	\$	500.00	\$	875.00
Wood Desk 1 Shelf	\$	12.50	\$	25.00
Henning Light Table	\$	30.00	\$	47.50
Epson Pro 9900 Printer	\$	300.00	\$	500.00
Epson Ultra Chrom K3 Printer	\$	125.00	\$	225.00

Trendsetter Spectrum Plate Setter	\$	400.00	\$	550.00
Epson Ultra Chrom K3 Pro 9800	\$	125.00	\$	300.00
Wood Desk	\$	-	\$	-
Dolly	\$	10.00	\$	20.00
SS Wash Tub	\$	125.00	\$	225.00
Eye Wash Station	\$	22.50	\$	47.50
Olympic Water Conditioner	\$	50.00	\$	75.00
Wood Table and Shelves	\$	22.50	\$	42.50
Office w/Desk & Chairs	\$	62.50	\$	87.50
Room of Homemade Self Approx. 25	\$	2.50	\$	2.50
4" Univeyor Conveyor	\$	75.00	\$	112.50
3" Univeyor Conveyor	\$	65.00	\$	105.00
3M Matic Adjustable Case Sealer 700a	\$	150.00	\$	300.00
2" Univeyor Conveyor	\$	62.50	\$	87.50
Wood Table	\$	-	\$	-
Grapha Muller Martini Counter Stacker	\$	150.00	\$	450.00
Muller Martini Book Trimer	\$	75.00	\$	175.00
Muller Martini Conveyor System TVP-3620	\$	100.00	\$	200.00
Muller Martin Gathering Machine	\$	-	\$	-
56 Pallets of Paper	\$	850.00	\$	1,600.00
15 Pallets of Box's	\$	187.50	\$	300.00
2 Steel Mail Crates	\$	37.50	\$	75.00
Muller Martini 3212 Automatic Feeder	\$	-	\$	-
Wood Crate	\$	27.50	\$	45.00
Steel Dolly Box	\$	25.00	\$	45.00
10" Ladder	\$	25.00	\$	45.00
2 Wood Tables	\$	2.50	\$	2.50
Locker, 2 Wood Cubboards	\$	2.50	\$	2.50
Wood Self w/Contents	\$	2.50	\$	2.50
Table & Shelf w/Contents (Books)	\$	7.50	\$	15.00
Bench & Shelf w/ Custom Dies	\$	20.00	\$	50.00
Ridgid Vacum Parts	\$	10.00	\$	20.00
De Villbliss Compressor	\$	200.00	\$	312.50
Pump	\$	25.00	\$	37.50
Arrow Compressor 0-70-1	\$	275.00	\$	412.50
Henning Light Table	\$	35.00	\$	52.50
Wood Cuboard	\$	7.50	\$	15.00
Imation 447L Laminator	\$	-	\$	-
Wood Shelf	\$	5.00	\$	10.00
Pallet Jack	\$	50.00	\$	75.00
Henning Light Table	\$	35.00	\$	52.50
2 Wood Tables with Paper Shear	\$	27.50	\$	50.00

2 Desks w/Computers	\$	10.00	\$	27.50
Bennett RH Plate Turner	\$	10.00	\$	27.50
HP Printer and Stapler Stacker	\$	87.50	\$	175.00
Desk w/Computer	\$	37.50	\$	62.50
2 Desks w/Computers & Chair	\$	7.50	\$	20.00
Desk w/Computers	\$	7.50	\$	15.00
Desk w/Computer	\$	20.00	\$	32.50
Desk w/Computer & Chairs	\$	37.50	\$	62.50
Desk w/Computer & Chair	\$	17.50	\$	40.00
Henning Graphics Light Table	\$	35.00	\$	52.50
Kodak Polychrome Match Print	\$	250.00	\$	375.00
Ink Jet Proofer Model 5542	\$	50.00	\$	87.50
Iris 43 Wide Printer	\$	175.00	\$	325.00
Table w/8 Chairs	\$	175.00	\$	350.00
Desk w/Computer Fan & Chair	\$	27.50	\$	40.00
Leather Couch w/ End Tables	\$	87.50	\$	125.00
Leather Couch w/ 2 Leather Chairs, Tables	\$	112.50	\$	150.00
2 End Tables	\$	7.50	\$	15.00
Fridge & Microwave	\$	87.50	\$	125.00
Kitchen Contents	\$	27.50	\$	50.00
Table w/4 Chairs	\$	37.50	\$	75.00
Maytag Fridge w/Microwave	\$	87.50	\$	125.00
Leather Couch	\$	50.00	\$	75.00
Tables w/Chairs & Lamps	\$	87.50	\$	112.50
Leather Couch w/End Table and Table	\$	87.50	\$	112.50
Shelves	\$	55.00	\$	75.00
Kromar Printing Ltd. - Printing 3rd Floor				
14 Pallets of Boxes (Selection Slips)	\$	2.50	\$	2.50
ACU Gage Coordinate Measuring Machine	\$	25.00	\$	47.50
Diddle Graphic System Web Press System	\$	250.00	\$	500.00
Model 296-755 w/Martin Auto Matic Splicer	\$	100.00	\$	150.00
Wayne Compressor 3208	\$	62.50	\$	100.00
Paper Rolls	\$	37.50	\$	62.50
Metal Shelf w/Used Ink	\$	25.00	\$	32.50
Steel Cart	\$	15.00	\$	20.00
Wood Desk	\$	2.50	\$	5.00
Diddle Glaser 296-650 Web Press System	\$	250.00	\$	50.00
w/Martin Auto Matic Splicer	\$	100.00	\$	150.00
2-12x8.5 Rolls of Paper	\$	37.50	\$	75.00
ARPac Vision Shrink Wrap Tunnel VT122272	\$	225.00	\$	450.00
Univeyor 5" Conveyor	\$	80.00	\$	120.00
3M Matic Case Sealing System 19000	\$	150.00	\$	300.00

Cascade Strapping Machine	\$	100.00	\$	175.00
Wood Desk	\$	2.50	\$	2.50
Pallets and Shelves of Boxes	\$	62.50	\$	162.50
200ft Trans Normal Conveyor System TS1500/100	\$	750.00	\$	2,000.00
Kolbus HD 150 3-Knife Trimmer	\$	50.00	\$	100.00
Rima RS 3310 Compensating Stacker	\$	500.00	\$	1,750.00
Wood Table	\$	2.50	\$	2.50
Pallets of Parts	\$	2.50	\$	12.50
Steel Work Bench	\$	50.00	\$	100.00
Steel Cupboard With Contents	\$	50.00	\$	100.00
Wood Shelf w/Contents	\$	10.00	\$	17.50
Kulbus 2V801 Binder & Gatherer	\$	-	\$	-
80 Pallets of Paper	\$	650.00	\$	1,125.00
Steel Garbage Bin	\$	275.00	\$	400.00
3 Wood Crates	\$	125.00	\$	250.00
Shanklin Wrapper F-5A F00108	\$	500.00	\$	1,250.00
Shanklin Wrapper F-5A F00108	\$	500.00	\$	800.00
Shanklin Shrink Tunnel T-71 T-00247	\$	225.00	\$	700.00
Shelf of Wood Dies	\$	-	\$	-
3 Wood Tables	\$	-	\$	-
Polar Automatic Jogger RA w/Air-Removing Roller	\$	1,000.00	\$	2,500.00
Heidelberc PCD- 820 DL Scale	\$	37.50	\$	87.50
Polar Mohr Air Board Lift LL-6000 K-3	\$	175.00	\$	412.50
Polar Mohr 115AT-XL Cutting Line	\$	275.00	\$	1,250.00
Polar Mohr TR130-ER-5 Paper Guillotine Cutter	\$	500.00	\$	2,000.00
Lift Rite Pallet Jack	\$	75.00	\$	550.00
Wood Crate	\$	27.50	\$	50.00
Multiton Pallet Jack	\$	62.50	\$	87.50
Polar Mohr LW-1000-4 Paper Stack Lift	\$	200.00	\$	625.00
Polar Mohr 115-EMC- Monitor Paper Cutter	\$	100.00	\$	300.00
Polar Mohr Air Board Lift	\$	175.00	\$	300.00
2 Wood Crates	\$	80.00	\$	125.00
Kromar Printing Ltd. - 4th Floor				
22 Pallets w/Boxes	\$	5.00	\$	5.00
Pallet Jack	\$	62.50	\$	100.00
Arca Steel File Cabinet w/Printing Dies	\$	25.00	\$	100.00
Linotype Model Printing Press Model 31 SCR 59403	\$	50.00	\$	250.00
Wood Table w/ Locker	\$	22.50	\$	37.50
Steel & Wood Rack	\$	25.00	\$	125.00
Druckluftbehälter Compressor	\$	75.00	\$	150.00
Druckluftbehälter Compressor	\$	75.00	\$	150.00
2 Strap Roles	\$	75.00	\$	112.50

Shop Vac	\$	10.00	\$	25.00
Stahl 4TD 56/2-T Folding Machine 125650	\$	175.00	\$	325.00
Steel Locker w/Contents	\$	25.00	\$	50.00
Stahl Sak 66.D Digital Delivery 6927094	\$	100.00	\$	250.00
Polar Mohr LW-1000 Paper Stack Lift	\$	225.00	\$	675.00
Stahl RD 78-T Printing Station 273052	\$	75.00	\$	300.00
Stahl TD 7814 Pressxchange	\$	25.00	\$	75.00
Stahl TD 66/4T Folder 225029	\$	37.50	\$	125.00
Stahl TD 66/4T Folder 273052	\$	37.50	\$	125.00
Stahl SBP-M 46.D Stack Delivery System Ser. 273526	\$	25.00	\$	42.50
Mini Fridge	\$	75.00	\$	200.00
Stahl 66/4-T Folder 273043	\$	75.00	\$	150.00
Wood Table	\$	2.50	\$	2.50
Baum Folder 1320H-3-P-2 130WD0027	\$	175.00	\$	525.00
3M - Matic 200A 39600 14707 Adjustable Case Sealer	\$	175.00	\$	300.00
Pallet Jack	\$	75.00	\$	100.00
Yale Electric Pallet Jack	\$	162.50	\$	300.00
Printing Parts	\$	87.50	\$	175.00
Pallet Jack	\$	50.00	\$	75.00
12 Canada Post Steel Crates	\$	110.00	\$	225.00
Wood Crate	\$	32.50	\$	50.00
Stahl 5BP-M-46 Staker 273525	\$	87.50	\$	175.00
Stahl 2TD 78/4-T Press Change 273043	\$	175.00	\$	500.00
Stahl TD 78/6 Folder 273043	\$	100.00	\$	200.00
Stahl RD 78/T Folder 273043	\$	100.00	\$	200.00
Polar Mohr LW-1000 Paper Stack Lift 1199	\$	225.00	\$	675.00
Wood Table w/ Contents	\$	2.50	\$	2.50
ES 2400 Battery Charger 24/100	\$	175.00	\$	325.00
Ingersoll Rand Compressor Model SSR-EP550E	\$	450.00	\$	1,150.00
Ingersoll Rand Compressor DXR200	\$	112.50	\$	350.00
Shelving w/Mis. Cardboard	\$	5.00	\$	5.00
31 Pallets of Printing Material	\$	5.00	\$	5.00
Nu Arc Light Table VLT4ZF-CSA	\$	52.50	\$	75.00
DeVilBiss Compressor 5061	\$	275.00	\$	537.50
Office w/Tables, Desks, Microwave & Contents	\$	50.00	\$	72.50
Accufeed 1 D&K	\$	50.00	\$	100.00
Cupboards, Desk and Paper	\$	5.00	\$	5.00
Roseback 2235R Slit Score Machine	\$	450.00	\$	1,750.00
2 Wood Tables	\$	37.50	\$	62.50
Garbage Bin Steel	\$	275.00	\$	4,300.00
Hyster Pallet Jack	\$	75.00	\$	100.00
Wood Crate	\$	37.50	\$	62.50

Kromar Printing Ltd - 5th Floor			
Lawson Vari-Speed Drill	\$	175.00	\$ 300.00
Wood Table	\$	2.50	\$ 5.00
Challenger Paper Drill MS-10A 43880	\$	75.00	\$ 150.00
Challenger Paper Drill MS-10A 56542	\$	100.00	\$ 225.00
Sterling Digibinder	\$	25.00	\$ 50.00
Cabinet with Contents	\$	7.50	\$ 15.00
Cahallenger 2555 DS	\$	5.00	\$ 5.00
Wood Table with Steel Wire Spool Plastic	\$	17.50	\$ 37.50
Lawson Class H DCHR Super Duty Drill	\$	100.00	\$ 175.00
Wood Table	\$	5.00	\$ 5.00
Lawson 18CV 1041 Conveyor System	\$	37.50	\$ 75.00
Cincinnati Dust Master 100S	\$	75.00	\$ 137.50
Challenger JF Paper Drill	\$	37.50	\$ 87.50
Interlake S3A 1 1/8 Flat Bood Saddle Stitcher 2117	\$	125.00	\$ 325.00
Microwave and Table	\$	10.00	\$ 15.00
Fan	\$	3.50	\$ 5.00
National Paper Jogger	\$	10.00	\$ 25.00
Acme Steel Wire Stitcher Model A	\$	20.00	\$ 37.50
Desk	\$	2.50	\$ 2.50
Wood Table	\$	12.50	\$ 30.00
(12) Lockers	\$	17.50	\$ 22.50
Polar Mohr Jogger with Air Removal Rollers RB5	\$	17.50	\$ 37.50
Polar Mohr High Speed Cutter 137 Mon	\$	50.00	\$ 112.50
(4) Pallets of Lotto Tickets	\$	2.50	\$ 2.50
Wood Desk	\$	5.00	\$ 15.00
Combi 35 Endleaf Tipper	\$	12.50	\$ 50.00
Canadian Printer Supply Punch	\$	12.50	\$ 37.50
Polar Mohr Paper Lift L1000	\$	25.00	\$ 75.00
Pallet Jack Multiton	\$	50.00	\$ 75.00
Polar Mohr Paper Lift L1000	\$	25.00	\$ 75.00
Blade Saver Cutting Sticks	\$	5.00	\$ 17.50
Polar Mohr 115 EMC High Speed Cutter	\$	50.00	\$ 150.00
Polar Mohr R-4 Jogger	\$	25.00	\$ 62.50
(5) Pallets of Lotto Tickets	\$	2.50	\$ 2.50
Ideal 2520 Shrink Wrap Machine	\$	37.50	\$ 62.50
Great Lakes Corp TS37 Side Seal Horizontal Wrapper	\$	50.00	\$ 112.50
Polar Mohr L-600-W-3 Stacking Lift	\$	25.00	\$ 75.00
Cupboards with Paper	\$	10.00	\$ 25.00
Univeyor Conveyor 6"	\$	55.00	\$ 87.50

3M-Matic 29200 Adjustable Case Sealer	\$	25.00	\$	50.00
Univeyor Conveyor 5"	\$	52.50	\$	85.00
Univeyor Conveyor 10"	\$	62.50	\$	100.00
Univeyor Conveyor 10"	\$	62.50	\$	100.00
Wood Table	\$	2.50	\$	5.00
Hyster Pallet Jack	\$	50.00	\$	75.00
Harris Graphics RS-10 817 Compensating Counter Stacker	\$	50.00	\$	162.50
Toledo Scale	\$	25.00	\$	50.00
Wood Table	\$	2.50	\$	5.00
Wright Wood Cart	\$	5.00	\$	7.50
Steel Cabinet with Contents	\$	2.50	\$	5.00
Five Shelf with Contents	\$	5.00	\$	7.50
Harris Graphics 650-8 SL102-6 Bindery System	\$	25.00	\$	75.00
3M Matic 28600 8749 Adjustable Case Seater	\$	37.50	\$	62.50
Board with Wrenches	\$	7.50	\$	17.50
(2) Bolt Bins	\$	10.00	\$	22.50
File Cabinet	\$	7.50	\$	12.50
Steel Cupboard with Contents	\$	25.00	\$	50.00
770 lbs Hoist	\$	75.00	\$	150.00
Muller Martini 1540 950677 Counter Stacker	\$	100.00	\$	325.00
Work Bench with Contents	\$	10.00	\$	22.50
(2) 5" conveyors	\$	72.50	\$	100.00
Steel Cabinet with Contents	\$	25.00	\$	50.00
Wood Table with Drawers	\$	2.50	\$	5.00
Muller Martini Saddle Stitcher 1998 System	\$	50.00	\$	175.00
(8) Pallets of Boxes	\$	87.50	\$	175.00
Stahl 49699 Stacker	\$	25.00	\$	62.50
Stahl 45974 Stacker	\$	25.00	\$	62.50
Stahl 47854 Stacker	\$	25.00	\$	62.50
Polar LW1000-4 Paper Pile Lift	\$	25.00	\$	75.00
Steel Wagon	\$	7.50	\$	15.00
Wood Shelves with Contents	\$	2.50	\$	5.00
Fridge	\$	10.00	\$	22.50
Office with Contents	\$	12.50	\$	50.00
Office with Contents	\$	25.00	\$	25.00
Stahl 26454 Stacker	\$	25.00	\$	57.50
3M Matic Case Sealing System 8691	\$	25.00	\$	42.50
Stahl 49814 Stacker	\$	25.00	\$	55.00
Stahl 29023 Stacker	\$	25.00	\$	55.00
(3) Pallets of Mail Post Boxes	\$	17.50	\$	62.50

(3) Baxco Signature Bundlers	\$	5.00	\$	10.00
(32) Metal Crates	\$	50.00	\$	150.00
Stahl 47854 Stacker	\$	25.00	\$	52.50
Stahl 49813 Stacker	\$	25.00	\$	52.50
Stahl 49815 Stacker	\$	25.00	\$	52.50
Stahl 49813 Stacker	\$	25.00	\$	52.50
Stahl 45974 Stacker	\$	25.00	\$	52.50
Wood Table	\$	2.50	\$	5.00
Polar Mohr L1000-4 Paperlift	\$	25.00	\$	75.00
Nuare High Table LT42	\$	25.00	\$	42.50
Stahl 125650 Stacker	\$	25.00	\$	52.50
Stahl 50022 Folding Machine	\$	25.00	\$	62.50
Wood Cupboard with Parts	\$	2.50	\$	5.00
Ordibel Collector 7565	\$	5.00	\$	10.00
Total	\$	76,936.00	\$	132,462.50

Appendix D – Altus Group Appraisal

725 Portage Avenue
Winnipeg, MB

Effective Date: May 4, 2018



PREPARED FOR
Kromar Printing Ltd
Mr. Joseph Cohen
725 Portage Avenue
Winnipeg, Mb
R3G 0M8

June 4, 2018

Project No.: 15120.100630.000

Mr. Joseph Cohen

Kromar Printing Ltd.
725 Portage Avenue
Winnipeg, Mb, R3G 0M8

Dear Mr. Cohen

RE: 725 Portage Avenue, Winnipeg, MB

In accordance with your request by way of a contract dated April 20, 2018 and as per the terms of reference (TOR) provided herein, I have provided an opinion of the current market value on an all-cash basis of the fee simple interest in the subject property as at the effective date of May 4, 2018. The intended user of this report is Kromar Printing Ltd ("Client"). The intended use is to assist in first mortgage financing and no other use. No additional intended users are identified or intended by the appraiser.

This Appraisal Report and Appendices must be read as a whole as sections taken alone may be misleading and lead the reader to an incorrect conclusion. Information provided by the client and collected through market research and analyses are stored in the working file. This assignment has been completed in accordance with the Scope of Work as outlined in Section 1.2.

Subject to the Ordinary Assumptions and Limiting Conditions in Appendix A, it is my opinion that the current market value of the fee simple of the subject property, effective May 4, 2018, is:

\$6,300,000

Six Million Three Hundred Thousand Dollars

Based on this estimate of market value, the liquidity of the subject property is considered to be "Good" as defined at Appendix A. I estimate that an exposure time of 9 to 12 months would have been required prior to the effective date to sell the subject property at its current market value. Should you have any questions, please contact Marjorie Dane-Newton AACI, P App at your convenience.

Respectfully submitted,



Altus Group Limited

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Appendices

Appendix A Altus' Terms of Reference

Appendix B Visual Identification

Appendix C Comparable Lease Data



725 Portage Avenue, Winnipeg, MB

Executive Summary

Property Description

Building and Site Information			
Address	725 Portage Avenue	Site Area	53,828 sf
City, Province	Winnipeg, MB	Coverage Ratio	70%
Property Type	Commercial Loft	Parking	Paved surface lot
Property Class	Single tenant	Zoning	C2/R2
Year Built	1929 & 1946	Condition	Average
Number of Storeys	Part 1-storey, Part 5-storey loft	Highest and Best Use	Current use
Valuation Reconciliation			
Effective Date	May 4, 2018	Liquidity	Good
Income Approach	\$6,500,000	Capitalization Rate	7.50%
Direct Comparison Approach	\$6,300,000	Unit Value	\$53 per sf
Cost Approach	N/A	Excess Land Value	N/A
Market Value			

\$6,300,000






Six Million Three Hundred Thousand Dollars

Economic Summary

#AltusEconomicFlash - Winnipeg								
	Expected Trend*	Snapshot	Analysis	Winnipeg	Manitoba	Canada		
GDP 	2018 2019		Ongoing U.S. demand, a competitive dollar, low oil prices and recovering western provinces should help support strong economic growth in Winnipeg over the forecast period.					
	Annual % Change Real GDP							
	Employment 	2018 2019					Solid economic growth should promote firm job growth over the forecast horizon. The services sector should provide significant support to the labour market, though construction employment could soften in 2018.	
Annual % Change Jobs								
Retail Sales 		2018 2019		After surging in the past few years, retail sales growth should subsequently slow to a more sustainable pace, consistent with moderating employment growth.				
	Annual % Change Sales							
	Key Financial Trends 	10 year bond yield to drift higher over longer-term amid sustained economic growth, higher oil prices, the cessation of sector-specific drags and stronger growth to result in accelerating inflation going forward; CAD to trend higher over the forecast horizon in tandem with higher oil prices and Bank of Canada policy rate increases.		10 year bond yield (%)				1.97
		Inflation Rate (%)	1.83	1.18	1.45	2.01	2.03	
		\$ Canadian Dollar (per US\$)	0.84	0.74	0.81	0.83	0.81	
Sources: • Statistics Canada • Conference Board of Canada		Key Takeaway: Winnipeg's economy is likely to grow at a strong pace over the forecast period.		3-year Trend History	Last Year	This Year	Next Year	3-Year Trend Horizon
All Forecasts by Altus Group Economic Consulting (as of Q4) Historical data / forecasts covers Winnipeg Census Metropolitan Area (CMA), Manitoba and Canada				2014-2016	2017	2018	2019	2020-2022
<small>* Expected trend shows a rise, increase or fall in rate of growth</small>				Contact: economics@altusgroup.com				

Source: Altus Group Economic Consulting

SWOT¹ Analysis

	<ul style="list-style-type: none"> ▼ The business has existed in this location for an extended period of time ▼ Very well constructed loft-style building
	<ul style="list-style-type: none"> ▼ Located in central Winnipeg ▼ Floor plate is somewhat awkward ▼ Limited truck access
	<ul style="list-style-type: none"> ▼ Interior renovation to bring the building up to modern standards could bring a variety of opportunities
	<ul style="list-style-type: none"> ▼ Modern industrial areas are located in the suburbs of Winnipeg ▼ Future industrial uses would not likely be allowed under the bylaw
	<ul style="list-style-type: none"> ▼ The subject and its business have operated out of this location for an extended period of time. The building is solid and well-built for its current use. If the property were to become vacant, a variety of alternative uses could be possible with upgrades to the 5-storey portion.

¹ Strengths, Weaknesses, Opportunities, Threats



1 Introduction

1.1 Terms of Reference

The following table provides a summary of the terms of reference (TOR) guiding this appraisal assignment. The TOR were provided by Joseph Cohen of Kromar Printing Ltd. This report is subject to the TOR outlined below, as well as the Ordinary Assumptions and Limiting Conditions outlined in Appendix A. Please also refer to Appendix A of this report for definitions of Market Value, Liquidity, and Highest and Best Use.

Terms of Reference	
Client and Intended User	Joseph Cohen, Kromar Printing Ltd.
Intended Use	To assist in first mortgage financing and no other use
Purpose	To provide an opinion of the current market value on an all-cash basis, of the fee simple interest in the property
Ownership	Kromar Printing Ltd., as detailed in Section 1.6
Interest to be Valued	100% fee simple
Effective Date	May 4, 2018
Signing Date of the Report	June 4, 2018
Current Use of the Property	Industrial
Property Identification	725 Portage Avenue, Winnipeg, MB

1.2 Scope of Work

The scope of work has included the following:

- ▼ A title search was done to determine if there are any easements, etc. affecting the property.
- ▼ An inspection of the interior and exterior of the subject property, as well as the surrounding neighbourhood, was completed on May 4, 2018. The photographs contained in Appendix B were taken on May 4, 2018.
- ▼ Review of publicly available physical, legal, social, political, economic and other factors that could affect the value of the subject property
- ▼ Collection of municipal information pertaining to the subject property such as zoning, assessment and taxes
- ▼ Review of documentation relating to the subject property provided by the client or their agent, including but not limited to plans and specification of the original construction

- ▼ Research of transactional data on land and buildings comparable to the subject property. As well, a market rental survey has been conducted to estimate rental rates for the subject property. Sources of market evidence included local real estate listings, the Johnson Report, and information contained on file in our office
- ▼ Estimation of the highest and best use "as if vacant" and the highest and best use of the land "as improved"
- ▼ Valuation of the interest in the subject property utilizing the most appropriate appraisal methodology; in this regard, the Income and Direct Comparison Approaches have been applied and later reconciled to a final estimate of value
- ▼ Consideration of the possible effect on value of an assemblage, consideration of the possible effect on value of anticipated public or private improvements and there is deemed to be none
- ▼ Completion of a narrative report outlining background, descriptions, analyses and value conclusion(s)
- ▼ The analysis set out in this report relied on written and verbal information obtained from a variety of sources that are considered to be reliable. Unless otherwise stated herein, client-supplied information was not verified and is believed to be correct. The mandate for the appraisal did not require a report prepared to the standard appropriate for court purposes or for arbitration; full documentation or confirmation of all information by reference to primary sources was not completed.

The following was not included in the scope of work for this assignment:

- ▼ This valuation does not consider any personal property
- ▼ Findings that may be discovered through more rigorous due diligence mandate
- ▼ A technical investigation such as the following was not completed:
 - ▼ detailed inspections or engineering review of the structure, roof or mechanical systems
 - ▼ an environmental review of the property
 - ▼ a site or building survey
 - ▼ investigations into the bearing qualities of the soil, or
 - ▼ audit of financial and legal arrangements concerning the subject property leases.

1.3 Extraordinary Limiting Conditions

An Extraordinary Limiting Condition, as defined in Section 2.20 of CUSPAP 2018, is a necessary modification or exception of a Standard Rule which may diminish the reliability of the report.

During the course of appraising the subject property, no Extraordinary Limiting Conditions were invoked.

1.4 Extraordinary Assumptions

An Extraordinary Assumption, as defined in Section 2.19 of CUSPAP 2018, is an assumption, directly related to a specific assignment, which, if found to be false, could materially alter the opinions or conclusions.

During the course of appraising the subject property, no Extraordinary Assumptions were invoked.

1.5 Hypothetical Conditions

A Hypothetical Condition, as defined in Section 2.27 of CUSPAP 2018, is that which is contrary to what exists, but is supposed to exist for the purpose of analysis.

During the course of appraising the subject property, no Hypothetical Conditions were invoked.

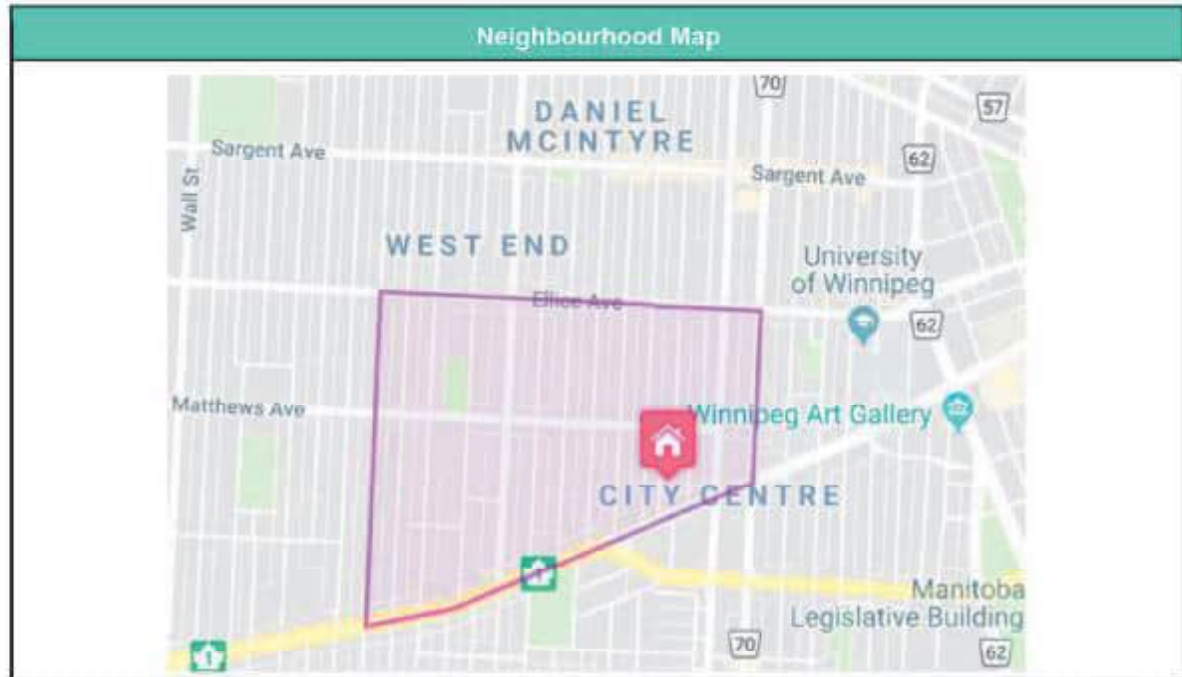
1.6 Ownership and History

The subject property is currently owned by Kromar Printing Ltd. There has been no sales activity for this property within the past three years. Based on research completed, it is understood that the subject property is not under an agreement of sale. The subject property is not currently listed for sale nor has it been listed on the open market in the last 12 months.

2 Property Description

2.1 Location Overview

The subject property is located in the West End node. The primary land use in this area is mixed use. A map indicating the exact location of the subject property is contained below. Additional photographs of the subject property and maps are located in the Appendices.



Source: now.winnipeg.ca

2.1.1 Position and Access

Property Description – Position and Access	
Site Position	Southeast corner Portage Avenue and Huntleigh Street
Regional / Local Access	Portage Avenue is a major east/west thoroughfare in Winnipeg. Huntleigh Street at the west side of the improvements is a residential feeder
Public Transit	Available on Portage Avenue
Amenities	Surface parking in rear of improvements
Surrounding Land Use	Mixed
Prominent Tenants in the Vicinity	Manitoba Government, Gordon Bell High School

2.1.2 Adjacent Land Uses

Property Description – Adjacent Land Uses	
North	Standard Machine
South	Gordon Bell athletic field
East	Government of Manitoba, New Directions
West	Western Union - cash store

2.2 Site Description

Property Description - Site Description	
Site Area	53,828 sf
Legal Description	Pt Lots 1 to 21 Plan 114 WLTO (W Div) Parish of St. James See addenda for complete legal
Topography	Flat
Frontage	109.5 ft.
Depth	603 ft.
Configuration	Slightly off rectangular
Services	Full city services
Site Coverage	70%
Ingress / Egress	Ingress and egress for both the parking lot and loading docks is off Huntleigh Street
Parking	Secured, paved surface parking
Site Improvements	No landscaping on site
Legal and Title Limitations	A full search and interpretation of the title are beyond the scope of this appraisal and the report is based on the assumption that there are no material encumbrances that would affect value unless otherwise noted. However, as encumbrances can have a significant impact on the market value and / or marketability, legal advice should be obtained if this assumption is required to be verified.
Encumbrances	None
Environmental Limitations	I am not an expert in environmental matters and make no representations regarding them. For the purpose of this report, it is

Property Description - Site Description

assumed that there is no environmental contamination. In order to verify this assumption, an environmental assessment would be required.

As a result of this assumption, the impact on value of contamination, if any, has not been taken into account in this appraisal. If contamination does exist, this could have a negative impact on value.

2.2.1 Site Survey / Plan

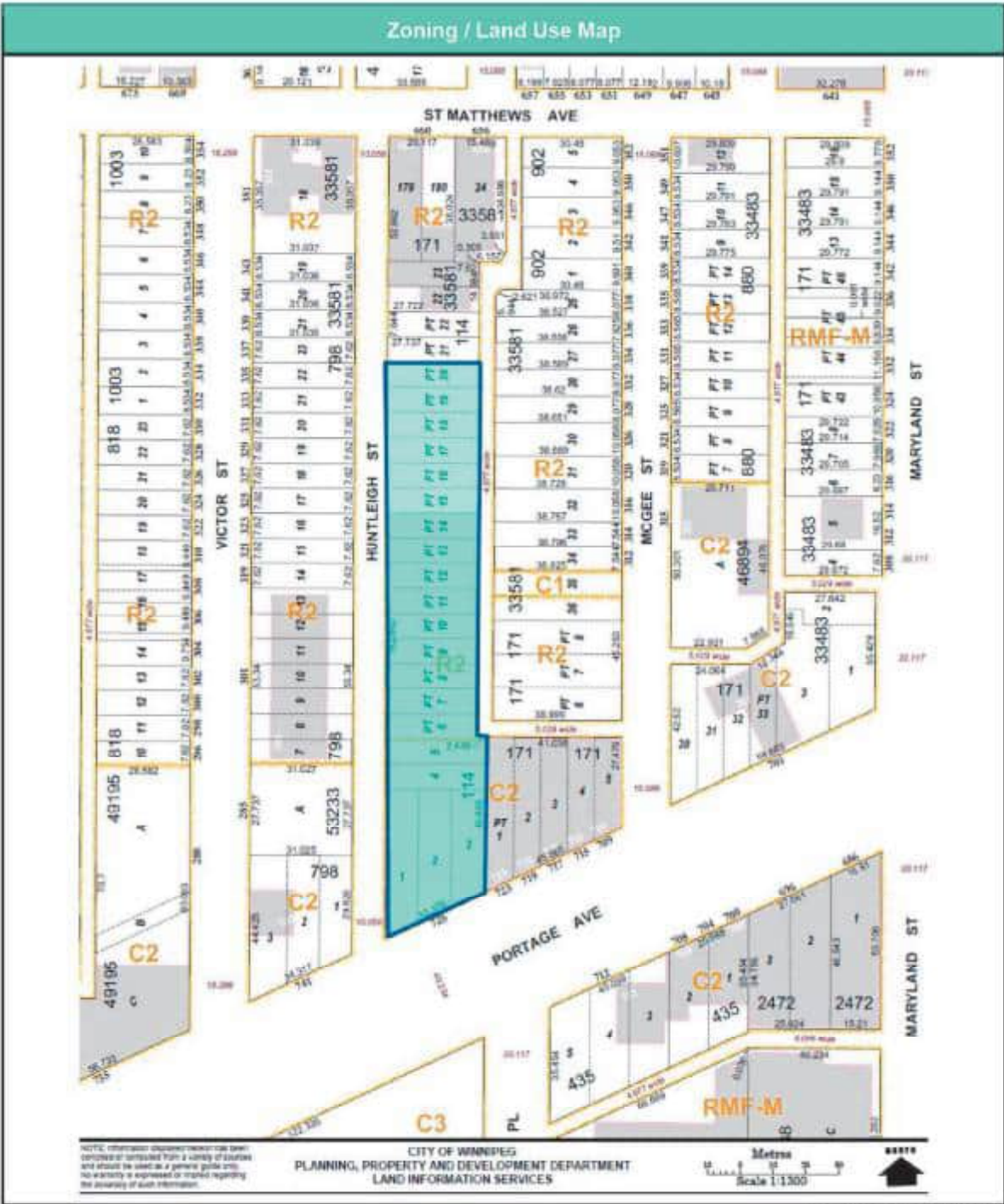
Site Survey / Plan



Source: Google Earth

2.3 Land Use Controls

Property Description – Land Use Controls	
Policy Plan Type	City of Winnipeg Zoning By-law 200/2006
Zoning / Land Use	Front Portion C2 - Commercial Community. The C2 zoning is intended to accommodate more intensive commercial sites that do not have a local or neighbourhood orientation. Rear Portion R2- Residential Two-Family. The R2 district is intended to accommodate the development of single- and two-family units and where appropriate limited multi-family units in lower-density neighbourhoods
Permitted Uses	C2 is inclusive but not limited to: Care home, post office/carrier depot, commercial school, gallery/museum, hotel/motel, medical/dental/optical counselling clinic, parking structure, contractors establishment, recycling collection centre. R2 is inclusive but not limited to single-family dwelling, care home, community garden.
Discretionary / Accessory Uses	C2 is inclusive but not limited to: dwelling/multi-family, hospital, cultural centre, hall rental, body modification establishment, car wash, transit station, fleet services. R2 is inclusive but not limited to: dwelling/live-work, dwelling/multi-family, senior high, day care centre.
Permitted Height	49 ft
Parking Requirements	Non-complying
Allowable Density	3.0
Excess Density / Expansion Potential	None
Land Use Limitations	For the purposes of this appraisal, it has been assumed the data obtained from others is correct and, except to the extent noted, the use of the property either conforms to the applicable bylaws and regulations or has been grandfathered.



Source: City of Winnipeg

2.4 Building Description

The following is based on an inspection completed on May 4, 2018 and data obtained from the City of Winnipeg Assessment and Taxation Department, as well as a copy of an original set of plans.

Property Description – Building Description	
Type	Single-tenant commercial loft, with 1-storey addition
Year Built	1929 and 1946. It is important to note there was a 4-storey addition added between 1929 and 1946; however, the exact date is not available.
Special Amenities	The building is listed on the City of Winnipeg Commemorative List By-Law 55/2014. The Commemorative List consists of resources of significant historical or architectural interest that have not been added to the Historical Buildings List.
Number of Storeys	Part 1-storey, and part 5-storey
Net Rentable Area	117,934 sf
Number of Units	One
Mezzanine Space	7,392 sf
Structure	Masonry It is important to note that the original 5-storey structure is very well constructed with 12" concrete floors, and poured concrete support columns at a spacing of roughly 18 ft.
Roof Type	Flat, tar and gravel
Exterior Cladding	Brick, limestone, concrete block and painted stucco
Foundation	Two small basement areas that house boilers; remainder poured concrete slab
Floor	12" concrete slabs on each floor
Fire & Safety	None
Security	Yes
Mechanical Systems	Two hot water boilers and gas-fired overhead heaters. The building does not have central air conditioning. There is a passenger elevator as well as a freight elevator.
Electrical	2000 Amp

Office Portion	Office area represents a very small percentage of the floor area and is mostly located on the main floor of the 5-storey portion as well as on the first mezzanine.
Layout and Finish	The main floor and mezzanine office portions are demised to accommodate the work flow, with some private offices, small job print areas, staff areas and washrooms. Finishes throughout include a variety of terrazzo, vinyl tile and carpet flooring; stone, marble, wood and gypsum board walls; and plaster or l-bar acoustic tile ceilings. The upper four floors and the remaining three mezzanine floors are used largely for storage with some production functions. The space is a combination of exposed concrete floors, walls and ceilings. The 1-storey portion is constructed at the north of the original. This area is used as the production floor, and houses a large quantity of equipment used in the printing process. There is limited finish in this area consisting of exposed concrete floors, painted gypsum board walls and open web steel joists under the steel roof deck.
Clear Height	16 ft. in the main floor office, 10 ft. in the 5-storey portion, 14 ft. in the single-storey warehouse
Lighting	Ceiling-mounted fluorescent
Shipping	Two shipping areas, both at grade level
Washrooms	Observed throughout the improvements

Functional Utility	The building has average functional utility for a single-tenant industrial loft use.
Condition/Appeal	The condition/appeal of the building is average.
Remaining Economic Life	<p>The subject property was constructed in 1929 and 1946, which indicates a chronological age of approximately 72 and 89 years. Capital repairs and renovations have been completed to the property over the life of the development.</p> <p>Considering the overall condition of the property as of the effective date, and on the basis that the building is assumed to be structurally and mechanically sound, I estimate an effective age of approximately 40 - 45 years. The Marshall & Swift Tables estimate a typical life of 50 to 55 years for loft-style buildings of this class and construction. Based on the Marshall & Swift Tables and the estimated effective age of the property, this would suggest a remaining economic life of at least 20 years assuming an ongoing maintenance and repair schedule.</p> <p>It is noted that my remaining economic life forecast assumes that the value under the property's current use as a single-tenant industrial loft exceeds the underlying land value for the property during this time</p>


	frame. Should the land value appreciate at a pace where the underlying land value exceeds the improved value within this estimated time period, a lower remaining economic life may result.
Building Description Limitation	A structural survey has not been undertaken, and for the purpose of this report, it is assumed that the building is structurally sound. In order to verify this assumption, a qualified engineer should be retained.

2.5 Municipal Assessment and Taxes

The assessment and taxes are based on information received from the City of Winnipeg Assessment and Taxation Department and are summarized as follows:

Property Description – Municipal Assessment and Taxes	
Total Assessment (2018)	\$2,275,000
Annual Taxes Payable:	\$59,372.70

2.6 Property Commentary

	<ul style="list-style-type: none"> ▼ The improvements are very well constructed, and although somewhat dated in office finishing, the interior of the space is functional.
---	---

3 Market Overviews

Economic Trends - Winnipeg

Economic Conditions

- Economic growth in the Winnipeg CMA was strong between 2014-2016. Real GDP growth is expected to decrease slightly in 2017 and accelerate in 2018 and 2019. The manufacturing sector will likely be boosted by firm U.S. demand, a competitive dollar, reduced import cost stemming from low oil prices and strengthening economies in Saskatchewan and Alberta. The winding down of the Bipole II transmission line project should dampen growth in 2018.

Income Growth

- From 2013-2016, personal income growth advanced at an average annual pace of 3.6%. Personal income is projected to accelerate this year, consistent with stronger employment growth, and expand at a 4.1% average annual pace from 2018-2022.

Personal Income Growth

Year	Winnipeg	Manitoba	Canada
3-Year Trend History (2013-2016)	3.6	3.1	3.7
Last Year (2017)	4.1	3.3	3.4
This Year (2018)	4.4	4.3	3.7
Next Year (2019)	4.1	3.1	3.2
3-Year Trend Horizon (2020-2022)	4.0	4.0	3.7

Source: Altus Group Economic Consulting based on Conference Board and Statistics Canada

Labour Market

Source: Altus Group Economic Consulting based on Statistics Canada

Labour Market

- Employment decreased in the fourth quarter of 2017 by 1,000 jobs. On a year-over-year basis, employment was driven by manufacturing, finance, insurance and real estate and public administration sectors. Employment totalled 437,700 workers in the fourth quarter.
- The unemployment rate increased slightly to 5.6%, below its five-year average.
- Improving economic growth should stimulate employment gains over the forecast horizon. Overall, employment is expected to increase by about 21,165 net new jobs between 2018-2022.

Housing Market

Year	Total	Single Family	Apartment
3 year average (2013-2016)	4.3	2.5	1.8
Last Year (2017)	5.8	2.4	1.6
This Year (2018)	4.4	3.3	2.3
Next Year (2019)	4.2	2.8	1.7
3-Year Trend Horizon (2020-2022)	4.4	3.1	1.5

Source: Altus Group Economic Consulting based on CMHC

Housing Starts

Source: Altus Group Economic Consulting based on CMHC

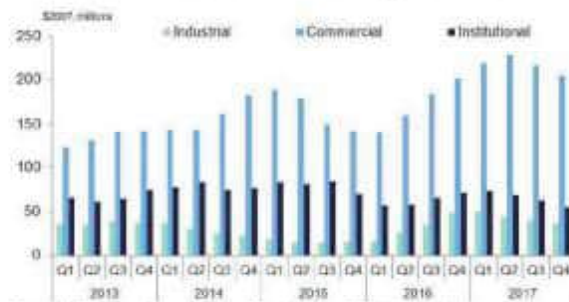
Source: Altus Group Economic Consulting

Economic Trends - Winnipeg (Continued)

Non-residential Construction

- In the fourth quarter of 2017, spending on non-residential structures dropped for it's second consecutive time by 7% to \$294 million (seasonally adjusted).
- All three categories of non-residential investment took a hit in the fourth quarter compared to the record high in the second quarter of 2017.
- The City of Winnipeg is upgrading its North End sewage treatment plan, which involves a major plant expansion, at a cost of \$795 million. This will boost local non-residential spending. The planning phase for the project is underway with construction expected to be completed by 2019.

Investment in Non-residential Building Construction



Source: Altus Group Economic Consulting based on Statistics Canada

Population Growth

- After moderate growth from 2013-2016, Winnipeg's population growth strengthened in 2017, thanks to improved international migration and a surge in non-permanent residents.
- Population growth is expected to advance at a relatively firm pace in 2018, supported by the federal government's plan to settle between 280,000 and 320,000 immigrants in Canada, as some of these people may move into Winnipeg. An improving economy should support ongoing population growth from 2018 onwards.

Population



Source: Altus Group Economic Consulting based on Statistics Canada

National Economic Context

- Canadian economic growth advanced at a 1.2% average annual pace from 2014-2016, slower than the long-term average. Growth then advanced at a 3.0% rate in 2017 thanks in part to strong migration and employment. In 2017, stabilization in the oil and gas sector contributed to recovering growth in the oil-levered provinces. This, combined with solid nation-wide consumer spending, ongoing government expenditures and positive residential investment contributed to very strong growth in 2017. Economic growth will likely moderate from its robust 2017 pace thereafter, but still remain relatively firm, supported by improved investment, ongoing U.S. demand and government spending. Forecast risks include potential negative impacts from a renegotiation of trade terms with the U.S. and potentially lower than expected business investment.

Source: Altus Group Economic Consulting

4 Highest and Best Use

The reader is referred to Appendix A for the definition of highest and best use.

4.1 Highest and Best Use as if Vacant Land

Given the location of the subject property, the size and configuration of the site, as well as the current zoning, it is likely that its use would be consistent with similar properties in the immediate area if it were vacant land. Based on the foregoing, it is concluded that the highest and best use of the subject property, as vacant land, would be for commercial development.

4.2 Highest and Best Use as Improved

Based on a review of the existing by-laws, the subject property appears to either conform to existing land use controls or to be grandfathered. A formal legal review would be required for certainty.

The subject property is improved with a single-tenant commercial loft of functional size and configuration. Having regard to the locational and physical characteristics of the subject property, the land use controls and current market conditions, it is concluded that the existing use of the subject property represents its highest and best use.

There does not appear to be an alternative use that could reasonably be expected to provide a higher present value than the current use, since the improvements are specifically adapted to the existing use. The current use is, therefore, concluded to be the most profitable. Based on the foregoing, it is concluded that the highest and best use of the subject property, as improved, is its present use.

5 Valuation

There are typically three approaches used to estimate market value: the Income Approach, the Direct Comparison Approach and the Cost Approach.

Income Approach

The Income Approach recognizes the principle of anticipation, where the anticipation of future benefits creates value. The Income Approach is usually used as the primary method of valuation when a property is expected to be acquired by an investor. The Income Approach is comprised of two primary methods:

Direct Capitalization: This procedure involves dividing the stabilized net annual operating income (NOI) by a singular rate that takes into account the investment characteristics of the subject property.

Discounted Cash Flow (DCF): This method calculates the present value of the future cash flows over a specified time period, including the potential proceeds of a deemed disposition, to determine market value.

Direct Comparison Approach

The Direct Comparison Approach recognizes the principle of substitution, according to which a buyer will not pay more for one property than for another that is equally desirable. By this approach, an opinion of value is developed by applying a comparative analysis of properties that are similar to the subject property that have recently sold, are listed for sale or are under contract, by focusing on the similarities and differences that affect value.

Cost Approach

The Cost Approach recognizes the principle of substitution, according to which a knowledgeable purchaser would not pay more for a property than it would cost to construct a property of similar design and utility, assuming no unreasonable delays. The Cost Approach involves adding the market value of the land to the depreciated value of the building and site improvements.

5.1 Valuation Methodology Selected

The subject property is an owner-occupied property and the most likely purchaser would be an owner/occupier; however, the possibility does exist for purchase by an investor. Consequently, we have used the Income Approach as a method of valuation. In addition, the Direct Comparison Approach is developed to provide a value estimate by the market range of unit prices demonstrated by the sales or listings of comparable properties. The conclusions reached by the Income Approach and the Direct Comparison Approach typically support each other. We did not use the Cost Approach, which does not typically reflect the motives and actions of buyers and sellers of this type of property.

6 Income Approach

The theory of the Income Approach is that the value of a property is the present worth of all the net income that it will produce for each year of its remaining useful life. Net income serves as a measurement that, in turn, is capitalized into a value estimate by the use of a capitalization rate taken from the experience of similar properties that have already sold or from the state of the financial market at the time of the appraisal. The rental income of a property will generally reflect all attributes and amenities inherent in that property.

6.1 Income Forecasts

The following section outlines an analysis of the subject property leasing activity, current tenant profile, market rent factors, and estimate of normalized vacancy and bad debt, operating expenses, and capital expenses.

6.1.1 Tenant and Income Profile

The subject is currently occupied by the owner. For area that is occupied by an owner, a market rental rate is assumed. The lease rate assumes the owner to lease the premises over a lease term typical in the market.

6.1.2 Market Rent Analysis

The term "market rent" is generally defined as being the most probable rent that a rental unit would command if exposed to the open market for a reasonable period of time. The process of estimating the market rent presumes that the space in question is vacant and available for lease. Since no two rental units are alike, the estimation of market rent must account for the specific characteristics of each particular location, as well as the physical features and functional attributes of each space. In order to estimate market rent for the subject property, recent leasing activity in the subject property and at comparable premises have been reviewed. Details of the analysis are provided below.

Recent Leasing at the Subject Property

There has been no recent leasing at the subject property.

Comparable Leasing

In addition to the review of leasing activity in the subject property, a survey of the marketplace has been carried out as it relates to the leasing activity in similar industrial developments in various areas of Winnipeg. Industrial/warehouse space leases are considered to be the most comparable in terms of finishing within the building improvements. The rental market in Winnipeg is stable.

A review of the market leases considered to be the most comparable to the subject space are presented in the chart contained in **Appendix C**. To maintain the confidentiality of the data, specific addresses have not been identified and specific details have been retained on file.

The estimate of the market rental rates varies and is influenced by a number of factors including the including, size, age, quality of improvements and location. Overall, the market rent estimate shown below is generally supported by the results of the market survey.

Conclusions

Based on the discussion above and the review of the comparable rents outlined in Appendix C, the estimate of market rental rates utilized in the Direct Capitalization is outlined below:

Market Rental Rate Conclusions		
Area Type	Rental Rate PSF	Area (SF)
Warehouse/distribution	\$6.50	25,344
Other	\$6.80	53,709
Warehouse/distribution	\$5.75	47,473
Warehouse/distribution	\$6.75	81,225
Warehouse/distribution	\$4.12	82,920
Warehouse/distribution	\$4.16	40,576
Warehouse/distribution	\$2.75	50,720
Weighted Average Market Rent PSF	\$5.24	381,967

Based on the previous table, we consider a rate for the main floor space to fall below the overall average, or at \$5.00 per sf. In addition, we have included a rate towards the low end of the range for the upper floors, or \$3.75 per sf.

6.2 Other Revenue

No additional revenue streams have been identified for the subject property.

6.3 Vacancy and Bad Debt Allowance

No vacancy and bad debt allowance has been applied to the subject property, typical of investor attitude towards single-tenant assets. All sales are analyzed under the same parameters.

6.4 Recovery Expense Revenue and Operating Expenses

The concluded market rental rate is based upon a net rental term. In this circumstance, the tenant would be responsible for all operating expenses, including realty taxes and management fees.

Operating expenses have been estimated based on the property being owner-occupied and, therefore, all expenses are paid by the owner.

6.5 Income and Expense Pro Forma

Stabilized NOI					
Line No.					
1	Potential Rental Income	Rate		Area	
2	Main Floor	\$5.00	@	37,870	\$189,350
3	Upper Levels	\$3.75	@	80,064	\$300,240
4	Total Potential Rental Income				\$489,590
5	Total Other Revenue				\$0
6	Total Potential Gross Revenue				\$489,590
7	Vacancy Allowance		@ 0.00%		\$0
8	Effective Gross Revenue				\$489,590
9	Total Operating Expenses				\$0
10	Stabilized NOI				\$489,590



6.6 Yield Selection

In order to determine the appropriate yield for the subject property; specifically, the capitalization rate (CR); the following factors have been considered:

- ▼ An analysis of the subject property's income, physical and locational characteristics
- ▼ An analysis of relevant sales and other market activity

6.6.1 Recent Investment Market Activity

A review of recent market activity provides additional support for the selection of yields. The most relevant transactions that were found are summarized on the following page. To ensure comparability, the same methodology used for the analysis of the subject property has been applied to the analysis of the comparable property sales.

Recent Investment Market Activity			Rate
Index	Building Details	Sale Details	Summary
1	 <p>Civic Address 1436 Chevrier Blvd Municipality Winnipeg, MB Rentable Area 36,922 SF</p>	<p>Sale Date Apr-18 Adj Sale Price \$4,500,000 Price PSF \$122</p>	CR 6.75%
2	 <p>Civic Address 1588-1616 King Edward St Municipality Winnipeg, MB Rentable Area 42,861 SF</p>	<p>Sale Date Dec-17 Adj Sale Price \$5,760,000 Price PSF \$134</p>	CR 6.65%
3	 <p>Civic Address 230 Panet Rd Municipality Winnipeg, MB Rentable Area 95,331 SF</p>	<p>Sale Date Dec-17 Adj Sale Price \$7,950,000 Price PSF \$83</p>	CR 6.81%
4	 <p>Civic Address 1575-1579 Seel Ave Municipality Winnipeg, MB Rentable Area 97,662 SF</p>	<p>Sale Date Jun-17 Adj Sale Price \$4,493,120 Price PSF \$46</p>	CR 7.56%

6.6.2 Capitalization Rate Analysis

The CRs indicated by the recent property sales vary between 6.65% and 7.56%, with the recent trend suggesting stable rates of return.

The upper end of the range is set by Index No. 4 at a CR of 7.56%. This comparable is a two-building sale that is located in the Fort Garry Industrial Area in south Winnipeg. The purchaser was in occupancy of 93.4% of the NRA under two separate lease agreements. The remaining space was occupied by Furnasman; however, no lease agreement was available for review. At the time of sale the roofs required repair/replacement with the purchaser to take responsibility for all costs. Office finishes in both buildings were dated. A similar rate would be expected for the subject property.

The lower end of the range is set by Index No. 2 at a CR of 6.65%. This comparable is located in the St. James industrial area. More specifically, it is at a high traffic corner location on a major transportation corridor. Also a two-building site, 1588 King Edward Street was constructed in 2009, while 1616 King Edward Street was constructed in 1959. Reportedly, A & W will be a new tenant on a land lease on the site commencing November 2018. The tenant is to construct a 2,178 sf building on a 32,830 sf site. Development charges of \$340,000 for the pad site will be incurred by the purchaser and considered in the purchase price. A higher rate would be expected for the subject property.

The remaining comparable sales support CRs ranging between 6.75% and 6.81%.

6.6.3 Capitalization Rate Rationalization

In addition to the analysis of alternative investment yields, the Altus InSite Investment Trends Survey and recent market activity, the following factors have been ranked in order to assist the reader in understanding the investment yields selected for the subject property. These factors compare the subject property's investment attributes with typical characteristics observed in the market for this type of property. An "average" rating indicates similarity with market expectations.

Factor	Item	Comments	Overall Rating
Physical	Asset Type	Single-tenant commercial loft	Average
	Year Built	1929 and 1949	
	Condition/Appeal	Average	
	Size	117,934 sf	
	Functional Utility	Average	
Financial	Occupancy	100%	Average
	Tenant Profile	Owner-occupied	
External	Neighbourhood	West End	Below Average
	Investment Appeal	Somewhat below average	

6.6.4 Capitalization Rate Conclusion

Based on the foregoing analysis, a capitalization rate (CR) of 7.50% has been selected.

6.7 Direct Capitalization

By this procedure, an estimate of stabilized net operating income (NOI) for a single year is converted into an indication of value. The stabilized NOI for the year starting at the effective date of appraisal was used.

This procedure entails three steps:

- ▼ The stabilized net operating income (NOI) was determined.
- ▼ In this section, the NOI was capitalized at a CR of 7.50%, as determined in the Yield Analysis section, to estimate the market value based on stabilized occupancy.
- ▼ This value will be adjusted, if applicable, for rent abatements, above/below market rent, existing vacancy, short-term leasing costs, capital expenditures and amortized capital expense revenue.

6.7.1 Estimate of Market Value (Direct Capitalization)

Direct Capitalization		
Line No.		
1	Total Stabilized NOI	\$489,590
2	Capitalization Rate	7.50%
3	Stabilized Value	\$6,527,867
4	Total Adjustments	\$0
5	Final Value	\$6,527,867
6	Final Value (Rounded)	\$6,500,000

7 Direct Comparison Approach

The Direct Comparison Approach has as its basis the comparison of the subject property with recent sales of properties that have similar characteristics in terms of location and building type. Where good, recent comparable property sales evidence is available, the approach can provide a dependable value estimate.

The Direct Comparison Approach is considered useful not only in terms of estimated value, but also in demonstrating that the final value estimate concluded in the appraisal falls within a reasonable range of value evident in the marketplace.

The typical procedure for undertaking the Direct Comparison Approach involves:

- ▼ researching the market for data from sales, contracts, offers and listings of competitive properties;
- ▼ verifying that the data is accurate and representative of arm's-length transactions;
- ▼ determining relevant units of comparison;
- ▼ comparing the subject with the comparable property sales and adjusting the comparable property sales for differences; and
- ▼ reconciling the multiple value indications into a single value or range of values for the subject property.

7.1 Comparable Property Sales Activity

We have conducted a survey of market evidence for properties having similar characteristics to the subject property. From our research, the most appropriate in terms of comparable property sales evidence for our Direct Comparison Approach is summarized on the following page.

Recent Investment Market Activity		
Index	Building Details	Sale Details
1	 <p><i>Civic Address</i> 1575-1579 Seel Ave <i>Municipality</i> Winnipeg, MB <i>Rentable Area</i> 97,662 SF</p>	<p><i>Sale Date</i> Jun-17 <i>Adj Sale Price</i> \$4,493,120 <i>Price PSF</i> \$46</p>
2	 <p><i>Civic Address</i> 1525 Erin St <i>Municipality</i> Winnipeg, MB <i>Rentable Area</i> 58,308 SF</p>	<p><i>Sale Date</i> Apr-15 <i>Adj Sale Price</i> \$3,100,000 <i>Price PSF</i> \$53</p>
3	 <p><i>Civic Address</i> 367 Poplar Ave <i>Municipality</i> Winnipeg, MB <i>Rentable Area</i> 31,611 SF</p>	<p><i>Sale Date</i> Jan-15 <i>Adj Sale Price</i> \$600,000 <i>Price PSF</i> \$19</p>
4	 <p><i>Civic Address</i> 365 Bannatyne Ave <i>Municipality</i> Winnipeg, MB <i>Rentable Area</i> 82,920 SF</p>	<p><i>Sale Date</i> Dec-14 <i>Adj Sale Price</i> \$4,425,000 <i>Price PSF</i> \$53</p>

7.2 Sales Activity

The Direct Comparison Approach requires adjustments to be made to the comparable property sales to reflect differing characteristics. The 'adjusted' comparable property sale price reflects the price that would have been paid if the comparable property sale had all the same characteristics as the subject.

The adjustment process can take the form of either 'quantitative' or 'qualitative' adjustments. The quantitative method applies specific plus and minus adjustments to each characteristic. The qualitative method provides an opinion as to whether the comparable property sale has superior or inferior characteristics to the subject but does not apply dollar or percentage quantum to each character difference. In our analysis, we have utilized the qualitative method.

The most important characteristics of each comparable property together with our time and qualitative adjustments for differences to the subject are shown on the next page.

Our analyses of the sales are discussed below:

Index #1

This sale is located in Fort Garry industrial area in south Winnipeg. It is the sale of two older buildings constructed in 1958 and 1974. At the time of sale, the roofs needed repairs as well as the HVAC in 1575. Office space in both buildings was dated, and the majority of space was light manufacturing and warehousing. Considering the need for repairs, this property is considered inferior to the subject.

Index #2

This sale is also located in the St. James industrial area on the northeast corner of Richard Avenue and Erin Street, with frontage on both streets. The improvements are mostly a one-storey with a small two-storey section constructed in stages between 1952 and 1975. Overall, it is considered similar to the subject.

Index #3

367 Poplar Avenue is located in a small industrial pocket near the corner of Watt Street and Levis Street. The building is a multi-storey loft-style building constructed in 1917. There is very little interior demising throughout the building with the exception of a small, dated office space on the main floor. Although very similar in construction, the interior is significantly inferior to the subject.

Index #4 is the sale of large industrial property at the western edge of the Central Business District. The building consists of a single-tenant, two-storey building on raised basement, constructed in 1916. The building is included in the City of Winnipeg list of historical resources, and protected from demolition in accordance with the Historical Resources By-law 55/2014. The sale is reportedly a share transfer of three non-contiguous parcels of land including the building and two adjacent parking lots.

7.3 Estimate of Market Value (Direct Comparison Approach)

The previous chart shows the value range of the comparable properties to be between \$19 and \$53 per sf. Overall, the subject is significantly superior to Index #3 and somewhat superior to #1. It is considered similar to the remaining two indexes.

Giving consideration to the discussion, our final unit rate conclusion for the subject property is \$53 per sf.

Based on this unit value conclusion, it is our opinion that the value of the subject property through use of the Direct Comparison Approach is \$6,300,000, as set out in the calculation below.

Direct Comparison		
Line No.		
1	Rentable Area (sf)	117,934
2	Unit Value Estimate (PSF)	\$53
	Value Conclusion	\$6,250,502
	Final Value	\$6,250,502
	Final Value (Rounded)	\$6,300,000

8 Reconciliation and Conclusion

The estimates of value from the approaches used are:

Final Value Conclusions		
Valuation Methodology	Parameters	Conclusion
Direct Capitalization	Cap Rate 7.50%	\$6,500,000
Direct Comparison	Price PSF \$53.00	\$6,300,000
Value Conclusion		\$6,300,000
Plus/Less: Other Adjustment		\$0
Final Value Conclusion (Rounded)		\$6,300,000
Final Value Conclusion PSF		\$53

In arriving at a final conclusion of market value, the Direct Comparison Approach is given the greatest weight given that the subject property is an owner/user property.

8.1 Final Value Conclusion

Further to the analysis of the subject property and of the market data outlined in this report, the current market value of the property located at 725 Portage Avenue, Winnipeg, as at May 4, 2018, subject to the Ordinary Assumptions and Limiting Conditions in Appendix A, is:

Market Value Conclusion
\$6,300,000
Six Million Three Hundred Thousand Dollars

Based on this estimate of current market value, the liquidity of the subject property is expected to be "Good". An estimated exposure time of 9 to 12 months would have been required prior to the effective date to sell the subject property at its current market value.

9 Certification

Effective Date: **May 4, 2018**
Property Appraised: **725 Portage Avenue, Winnipeg, MB**

I certify that, to the best of my knowledge and belief that:

- ▼ The statements of fact contained in this report are true and correct.
- ▼ The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions and conclusions.
- ▼ I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved. I am therefore an independent and external professional.
- ▼ I am not in a conflict of interest to undertake this assignment.
- ▼ I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- ▼ My engagement in and compensation for this assignment was not contingent upon developing or reporting predetermined results, the amount of the value estimate, or a conclusion favouring the client.
- ▼ My analyses, opinions and conclusions were developed and this report has been prepared, in conformity with the Canadian Uniform Standards of Professional Appraisal Practice, Valuation - Professional Standards of the Royal Institution of Chartered Surveyors and the International Valuation Standards.
- ▼ I have the knowledge and experience to complete this assignment competently, and where applicable, this report is co-signed in compliance with Canadian Uniform Standards of Professional Appraisal Practice, Valuation - Professional Standards of the Royal Institution of Chartered Surveyors and the International Valuation Standards.
- ▼ The subject property was inspected by **Marjorie Dane-Newton AACI, P.App** on **May 4, 2018**. The inspection was considered sufficient to describe the real estate, develop an opinion of highest and best use and make meaningful comparisons with other market data. A detailed inspection to report building condition is beyond the scope of this assignment.
- ▼ No one provided professional assistance or third-party professional assistance to the undersigned.
- ▼ As of the date of this report, Marjorie Dane-Newton AACI, P.App has fulfilled the requirements of The Appraisal Institute of Canada Continuing Professional Development Program for designated and candidate members, and **Marjorie Dane-Newton** is a member in good standing of the Appraisal Institute of Canada.

In my opinion, the current market value of the fee simple interest in the subject property, subject to the specific and extraordinary assumptions and limiting conditions as laid out clearly starting on page 2 of this report and the Ordinary Assumptions contained in the Appendices under Appendix A, as at May 4, 2018, is:

\$6,300,000

Six Million Three Hundred Thousand Dollars

Appraiser



Digitally signed by
Marjorie Dane-Newton
Date: 2018.06.04 11:59:48
-05'00'

Marjorie Dane-Newton AACI, P.App
AIC Member #: 800588

Signing Date: June 4, 2018

[Attachments and Appendices](#)

Appendix A - Altus' Terms of Reference

Appendix B - Visual Identification

Appendix C - Comparable Lease Data

Appendix A Altus' Terms of Reference

Ordinary Assumptions and Limiting Conditions

Definitions

Ordinary Assumptions and Limiting Conditions

The following Ordinary Assumptions and Limiting Conditions apply to real estate appraisals prepared by Altus Group ("Altus"). Any Special Conditions have been added as required.

The certification that appears in this appraisal report is subject to compliance with the Personal Information and Electronics Documents Act (PIPEDA), Canadian Uniform Standards of Professional Appraisal Practice ("CUSPAP"), Professional Standards of the Royal Institute of Chartered Surveyors (RICS), International Valuation standards (IVS), published by the International Valuation Standards Council and any other Appraisal Organization to which the appraiser is a member and the following conditions.

1. This report is prepared at the request of the client and for the specific use referred to herein. It is not reasonable for any other party to rely on this appraisal without first obtaining written authorization from the client, the authors, subject to the qualification below. Liability is expressly denied to any person other than the client and those who obtain written consent and, accordingly, no responsibility is accepted for any damage suffered by any such person as a result of decisions made or actions based on this report. Diligence by all intended users is assumed.
2. Because market conditions, including economic, social and political factors change rapidly and, on occasion, without warning, the market value estimate expressed as of the date of this appraisal cannot be relied upon as of any other date except with further advice from the appraiser and confirmed in writing.
3. The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it. No registry office search has been performed and the appraiser assumes that the title is good and marketable and free and clear of all encumbrances including leases, unless otherwise noted in this report. No consideration is given to liens or encumbrances against the property. Where title information is provided within the report, it is presented for information purposes only. No opinion is rendered as to the property title, which is assumed to be good and marketable. The property is appraised on the basis of it being under responsible ownership. The appraisal assumes that the property will be competently managed, leased and maintained by financially sound owners over the expected period of ownership. This appraisal engagement does not entail an evaluation of management's or owner's effectiveness, nor is/are the appraiser(s) or Altus responsible for future marketing efforts and other management or ownership actions upon which actual results will depend.
4. The subject property is presumed to comply with government regulations including zoning, building codes and health regulations and, if it doesn't comply, its non-compliance may affect market value.
5. No survey of the property has been made. Any sketch in the appraisal report shows approximate dimensions and is included only to assist the reader of the report in visualizing the property. Further: maps, photographs or any other graphic aids included in this report are only intended to assist the reader in visualization of the property, and are not intended for technical purposes.
6. This report is completed on the basis that testimony or appearance in court concerning this appraisal is not required unless specific arrangements to do so have been made beforehand. Such arrangements will include, but not necessarily be limited to, adequate time to review the appraisal report and data related thereto and the provision of appropriate compensation.
7. Unless otherwise stated in this report, the appraiser has no knowledge of any hidden or unapparent conditions of the property (including, but not limited to, its soils, physical structure, mechanical or other operating systems, its foundation, etc.) or adverse environmental conditions (on it or a neighbouring property, including the presence of hazardous wastes, toxic substances, etc.) that would make the property more or less valuable. It has been assumed that there are no such conditions unless they were observed at the time of inspection or became apparent during the normal research involved in completing the appraisal. This report should not be construed as an environmental audit or detailed property condition report, as such reporting is beyond the scope of this report and/or the qualifications of the appraiser. The author makes no guarantees or warranties, express or implied, regarding the condition of the property, and will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. The bearing capacity of the soil is assumed to be adequate.
8. The appraiser is not qualified to comment on environmental issues that may affect the market value of the property appraised, including but not limited to pollution or contamination of land, buildings, water, groundwater or air. Unless expressly stated, the property is assumed to be free and clear of pollutants and contaminants, including but not limited to moulds or mildews or the conditions that might give rise to either, and in compliance with all regulatory environmental requirements, government or otherwise, and free of any environmental condition, past, present or future, that might affect the market value of the property appraised. If the party relying on this report requires

information about environmental issues then that party is cautioned to retain an expert qualified in such issues. We expressly deny any legal liability relating to the effect of environmental issues on the market value of the subject property.

9. The analyses set out in this report relied on written and verbal information obtained from a variety of sources we considered reliable. Unless otherwise stated herein, we did not verify client-supplied information, which we believed to be correct.
10. The term "inspection" refers to observation and reporting of the general material finishing and conditions seen for the purposes of a standard appraisal inspection. The inspection scope of work includes the identification of marketable characteristics/amenities offered for comparison and valuation purposes only, in accordance with the CUSPAP. Any inaccessible portions of the property or improvements not inspected are assumed to be as reported or similar to the areas that are inspected.
11. The opinions of value and other conclusions contained herein assume satisfactory completion of any work remaining to be completed within a reasonable time and in a workmanlike manner. Further inspection may be required to confirm completion of such work. The appraiser has not confirmed that all mandatory building inspections have been completed to date, nor has the availability/issuance of an occupancy permit been confirmed. The appraiser has not evaluated the quality of construction, workmanship or materials. It should be clearly understood that this physical inspection does not imply compliance with any building code requirements as this is beyond the professional expertise of the appraiser.
12. The contents of this report are confidential and will not be disclosed by the author to any party except as provided for by the provisions of the CUSPAP and/or when properly entered into evidence of a duly qualified judicial or quasi-judicial body. The appraiser acknowledges that the information collected herein is personal and confidential and shall not use or disclose the contents of this report except as provided for in the provisions of the CUSPAP and in accordance with the appraiser's privacy policy. The client agrees that in accepting this report, it shall maintain the confidentiality and privacy of any personal information contained herein and shall comply in all material respects with the contents of the appraiser's privacy policy and in accordance with the PIPEDA.
13. The appraiser has agreed to enter into the assignment as requested by the client named in the report for the use specified by the client, which is stated in the report. The client has agreed that the performance of this appraisal and the report format are appropriate for the intended use.
14. Written consent from the authors must be obtained before any part of the appraisal report can be used for any use by anyone except the client and other intended users identified in the report. Where the client is the mortgagee and the loan is insured, liability is extended to the mortgage insurer. Liability to any other party or for any other use is expressly denied regardless of who pays the appraisal fee.
15. This appraisal report, its content and all attachments/appendices and their content are the property of the AIC member(s) signing the report and all copyright is reserved to the author(s). The client, intended users and any appraisal facilitator are prohibited, strictly forbidden and no permission is expressly or implicitly granted or deemed to be granted, to modify, alter, merge, publish (in whole or in part) screen scrape, database scrape, exploit, reproduce, decompile, reassemble or participate in any other activity intended to separate, collect, store, reorganize, scan, copy, manipulate electronically, digitally, manually or by any other means whatsoever this appraisal report, appendix, all attachments and the data contained within for any commercial, or other, use.
16. If transmitted electronically, this report will have been digitally signed and secured with personal passwords to lock the appraisal file. Due to the possibility of digital modification, only originally signed reports and those reports sent directly by the appraiser, can be relied upon without fault.
17. Where the intended use of this report is for financing or mortgage lending, it is a condition of reliance on this report that the authorized user has or will conduct loan underwriting and rigorous due diligence in accordance with the standards of a reasonable and prudent lender, including but not limited to ensuring the borrower's demonstrated willingness and capacity to service his/her debt obligations on a timely basis. Liability is expressly denied to those that do not meet this condition.
18. Where the intended use of this report is for mortgage insurance, it is a condition of reliance on this report that the authorized user will conduct loan insurance underwriting and rigorous due diligence in accordance with the standards of a reasonable and prudent mortgage insurer, including but not limited to ensuring the borrower's demonstrated willingness and capacity to service his/her debt obligations on a timely basis, to conduct such loan insurance underwriting even when not otherwise required.
19. Unless specifically stated, the value conclusion(s) contained in the appraisal applies to the real estate only, and does not include personal property, machinery and equipment, trade fixtures, business value, goodwill or other non-realty items. The appraisal report is limited to surface rights only, and does not include any inherent subsurface or mineral rights. Income tax considerations have not been included or

valued unless so specified in the appraisal. No representations are made as to the value changes that may be attributed to such considerations.

20. It is assumed that legal, engineering, or other professional advice, as may be required, has been or will be obtained from properly qualified legal professional sources and that the appraisal report will not be used for guidance in legal or technical matters such as, but not limited to, the existence of encroachments, easements or other discrepancies affecting the legal description of the property. It is assumed that there are no concealed or dubious conditions of the subsoil or subsurface waters including water table and flood plain, unless otherwise noted.
21. It is assumed that any and all liabilities that might accrue against the real estate such as taxes, hypothecs, contracts or services of any kind, are paid when due. Taxes and other fees (e.g. broker commissions) incurred during the hypothetical sale of the real estate are not addressed in this report.
22. Appraisal reports may contain estimates of future financial performance, estimates or opinions that represent the appraiser's view of reasonable expectations at a particular point in time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, that events will occur, or that a particular price will be offered or accepted.

Actual results achieved during the period covered by our prospective financial analyses will vary from those described in this report, and the variations may be material.

23. The value is based on the purchasing power of the Canadian dollar as of that date.
24. The issuance of a draft report is for the initial review of findings [by the client] and is provided provisionally and subject to completion of the final report.

It is on no account to be published or disclosed or used for any other purpose than review [by the client].

Altus Group accepts no liability for the misuse of a draft report.

Amendments to the report may be considered if new information subsequently comes to light, although additional fees may accrue in the analysis of this information.

Definitions

Altus InSite Investment Trends Survey

Altus InSite undertakes a survey of the Canadian real estate industry to determine the informed consensus opinion on investment performance trends and valuation parameters from Canada's key investors, lenders and other opinion leaders. The results of this quarterly survey are presented online as a series of data reports and charts for the Office, Retail, Industrial and Multiple Unit Residential asset classes for seven major markets across Canada.

Highest and Best Use

Highest and best use may be defined as:

"The reasonably probable use of a property, that is physically possible, legally permissible, financially feasible and maximally productive, and that results in the highest value."¹

The highest and best use of both land as though vacant and the property as developed must meet four criteria. The highest and best use must be:

Physically Possible: The size, shape, terrain and soil conditions of a parcel of land affect its physical utility and adaptability. The size, design and condition of an improved property may suggest that rehabilitation, conversion or demolition is in order

Legally Permissible: Depends on public restrictions such as zoning, building codes, historic preservation regulations and environmental controls, as well as the private or contractual restrictions found in deeds and long-term leases

Financially Feasible: Uses that should produce returns that exceed the income required to satisfy operating expenses and debt service (interest and amortization)

Maximum Return: Among financially feasible uses, the use that produces the highest price or value consistent with the rate of return warranted by the market.

Fee Simple²

An interest consisting in absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, expropriation, police power and escheat.

¹ *Canadian Uniform Standards of Professional Appraisal Practice*, Appraisal Institute of Canada, 2018, Section 2.26

² *The Appraisal of Real Estate: 3rd Canadian Edition*, Vancouver, University of British Columbia Real Estate Division, 2010, Section 6.2

Leased Fee³

An ownership interest held by the landlord with the rights of use and occupancy conveyed by the lease to others. The rights of the lessor (the leased fee owner) and the leased fee are specified by contract terms contained with the lease.

Leasehold⁴

The interest held by the lessee (the tenant or renter) through a lease conveying the rights of use and occupancy for a stated term under certain conditions.

Liquidity

I have provided my opinion on the liquidity of the subject property if it were placed on the open market for sale. The summary shows a single-word description from Excellent through Poor, explained as follows:

Excellent Liquidity

May achieve a price above market value and within a brief marketing period

- ▼ High competition among buyers, keen and able to make an acquisition
- ▼ Rare availability of similar assets
- ▼ A high availability of both debt and equity
- ▼ Brief marketing period is possible
- ▼ Evidence of similar properties achieving price above a common view of market value
- ▼ Overwhelming strengths of investment character

Good Liquidity

Likely to achieve market value within a reasonable marketing period

- ▼ Buyers, keen and able to make an acquisition
- ▼ Restricted availability of similar assets
- ▼ A good availability of both debt and equity
- ▼ Reasonable marketing period and brokerage effort required in order to achieve market value
- ▼ High confidence of brokers able to achieve market value estimate
- ▼ Similar properties demonstrate pricing at a common view of market value
- ▼ Investment character strengths outweigh the weaknesses

Modest Liquidity

Value may be difficult to achieve; a more extensive marketing period may be required

- ▼ Selective and few buyers
- ▼ Demand/supply of investment opportunities is in balance
- ▼ A good availability of debt but at higher margins
- ▼ More cautious sources of equity
- ▼ Strengths and weaknesses of investment character offset each other
- ▼ More extensive marketing effort required in order to achieve value

³ *The Appraisal of Real Estate: 3rd Canadian Edition*. Vancouver. University of British Columbia Real Estate Division. 2010. Section 6.4

⁴ *Ibid.*

- ▼ Similar properties demonstrate pricing at a common view of market value

Poor Liquidity

Value is difficult to gauge and achieve notwithstanding an extensive marketing period

- ▼ Very few buyers and limited to a speculative nature only
- ▼ Unusual assets, or high, or potentially high availability of similar assets
- ▼ Poor availability of debt even at higher margins
- ▼ Very cautious sources of equity
- ▼ Limited trading activity
- ▼ Extensive marketing period required
- ▼ Overwhelming weaknesses of investment character
- ▼ Low broker confidence

Market Value

Market Value is defined by the Appraisal Institute of Canada in the *Canadian Uniform Standards of Professional Appraisal Practice*⁵ as:

"The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress."

Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- ▼ buyer and seller are typically motivated;
- ▼ both parties are well informed or well advised, and acting in what they consider their best interests;
- ▼ a reasonable time is allowed for exposure in the open market;
- ▼ payment is made in terms of cash in Canadian dollars or in terms of financial arrangements comparable thereto; and
- ▼ the price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Exposure Time

Exposure Time is an estimate of the length of time that the property interest being appraised would have been offered on the market before the hypothetical consummation of a sale at the estimated value on the effective date of the appraisal.

Exposure Time is a retrospective estimate based upon experience and the opinions gathered from real estate brokers active in the field. The estimate of time period for reasonable exposure is not intended to be a prediction, but is an estimate of the amount of time that the property would have required to be exposed for sale on the open market in an appropriate manner, and using an experienced broker.

⁵ *Canadian Uniform Standards of Professional Appraisal Practice*, Appraisal Institute of Canada, 2018, Section 18.8.4.i.

Appendix B Visual Identification

Photographs of Subject Property

Municipal Map

Photographs of Subject Property



Entry



Office



One-storey part



One-storey part



Small print job area



Shipping/Receiving

Photographs of Subject Property



Lower mezzanine



View of office from mezzanine



Upper mezzanine space



Upper floors



Freight elevator



Main hydro power

Photographs of Subject Property



Boiler



Parking



Part view down Huntleigh



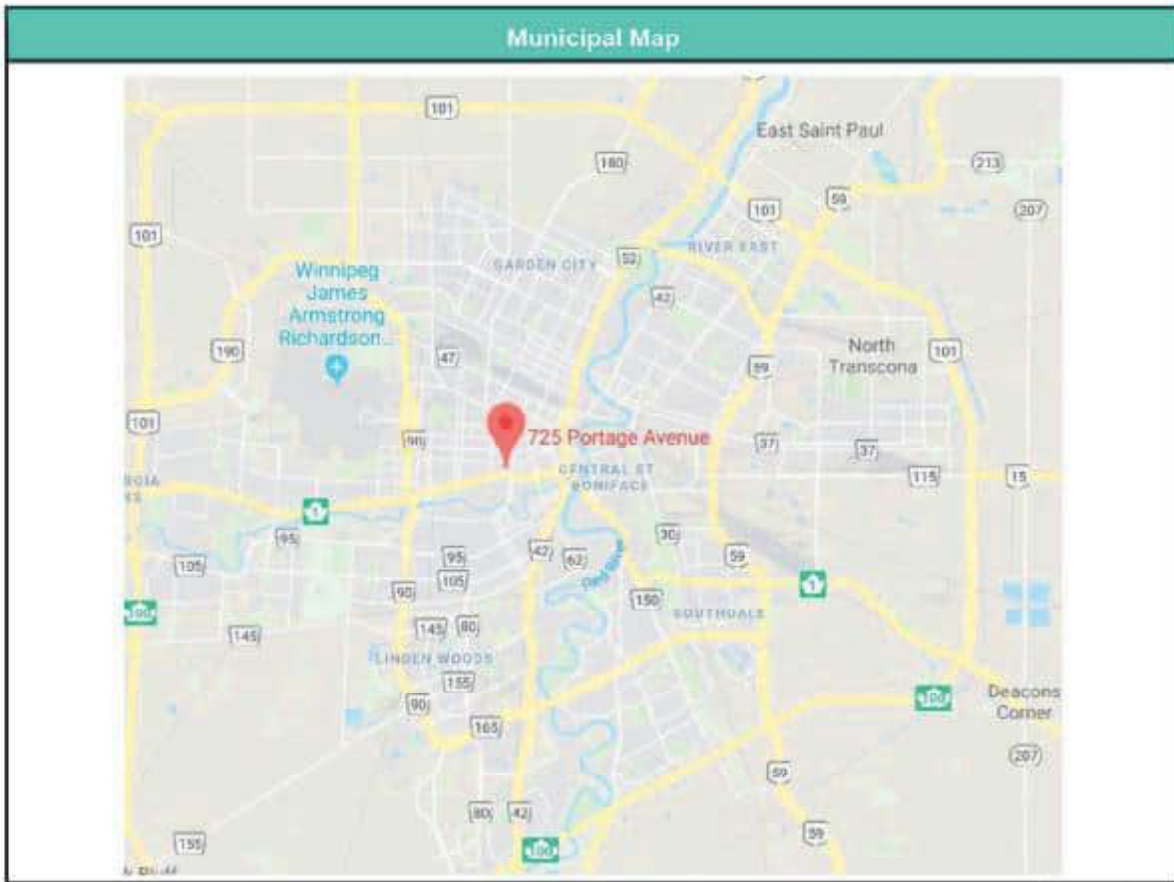
Looking north down Huntleigh - subject at right



Looking east down Portage - subject at left



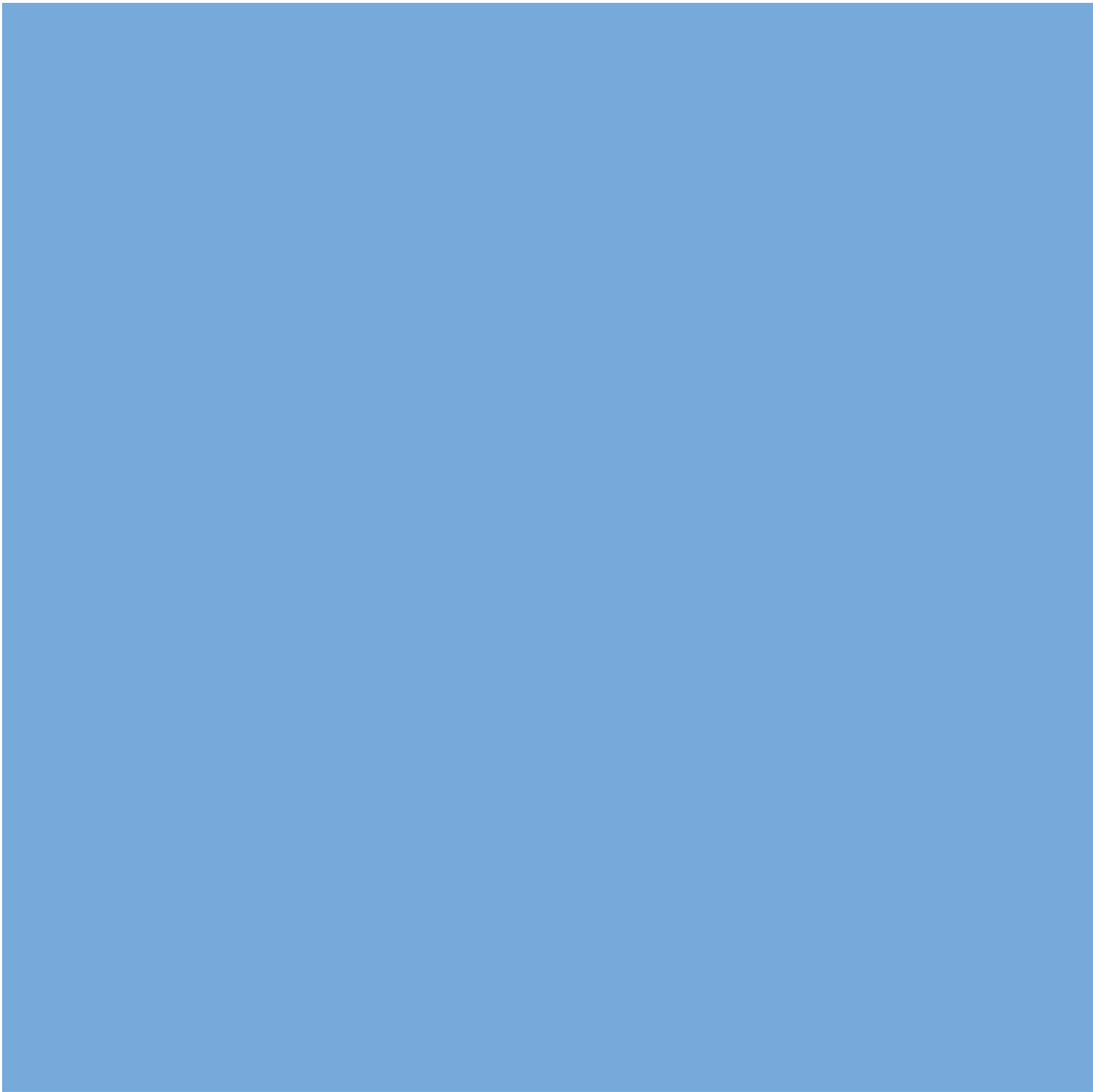
Part view



Source: Google

Appendix C Comparable Lease Data

Industrial Lease Schedule				
Chart #	Lease Type Total Lease Area	Start Date End Date Total Period (months)	Building Type Industry Type Office Ratio Unit Height	Yr. 1 Base Rent Avg. Base Rent Over Term
1	Renewal (Net) 25,344	1/1/2015 12/31/2024 120.00	Warehouse / Distribution Wholesale & Retail Trade n/a 24 - 26 ft.	\$6.50 \$7.00
2	Renewal (Net) 53,709	10/1/2017 9/30/2022 60.00	Other Other 5 % 18 ft.	\$6.00 \$7.00
3	New Lease (Net) 47,473	2/1/2016 1/31/2021 60.00	Warehouse / Distribution Manufacturing n/a n/a	\$5.75 \$6.05
4	Renewal (Net) 81,225	5/1/2015 4/30/2025 120.00	Warehouse / Distribution Information, Scientific and Cultural n/a 28 ft.	\$6.75 \$7.30
5	New Lease (Net) 82,920	5/1/2015 11/12/2022 90.40	Warehouse / Distribution Wholesale & Retail Trade 67 % 11 - 13 ft.	\$4.12 \$4.50
6	Renewal (Net) 40,576	2/1/2017 1/31/2022 60.00	Warehouse / Distribution Wholesale & Retail Trade n/a 18 ft.	\$4.16 \$4.16
7	Renewal (Net) 50,720	2/1/2017 1/31/2022 60.00	Warehouse / Distribution Wholesale & Retail Trade n/a 14 - 20 ft.	\$2.75 \$2.75



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Appendix E – January 19, 2024 Realtor Correspondence

Warga, Brent

From: Fritz, John
Sent: January 19, 2024 6:16 PM
Subject: Kromar Printing Ltd. - Requests for Realty Proposals
Attachments: 22-11-03 Remediation Order.pdf; 24-01-19 Tax Assessment.pdf; 24-01-19 Tax Assessment Map.pdf; 23-09-12 Status of Title.pdf

Good afternoon,

On December 1, 2023 Deloitte Restructuring Inc. was appointed by the Court of King's Bench for Manitoba (the "**Court**") as receiver of Kromar Printing Ltd. ("**Kromar**") and on December 22, 2023, pursuant to a further order of the Court, BDO Canada Limited was substituted as receiver (the "**Receiver**").

The Receiver is soliciting realty proposals (the "**Proposal**") to sell Kromar's real property located at 725 Portage Avenue in Winnipeg, Manitoba (the "**Property**") on behalf of the Receiver. Proposals are requested to include:

1. Recommended list price;
2. Fees and commission structure;
3. Estimated appraised/realizable value; and
4. Marketing plan and estimated time to close.

Further information about the Property:

1. Approximately 107,000 square foot building with fenced parking area to the North of the building;
2. Constructed in 1929, addition to the North portion of the building built in approximately 1946;
3. Original portion of the building is five (5) storeys and the addition is six (6) storeys;
4. Owned and operated by Kromar since about the 1960s;
5. Building includes office, storage, production, basement and boiler areas, and has an interior loading dock;
6. Building is passenger and freight elevator serviced;
7. Sale of the Property will be subject to Court Approval including a Vesting Order providing for the removal of creditors' registrations against the Property;
8. The Property is subject to a currently outstanding City of Winnipeg Order to Mitigate Unsafe Condition (attached for reference) for remediation of the building's façade;
9. Other attachments provided for reference:
 - a. City of Winnipeg tax assessment and map; and
 - b. Status of Title.
10. Property site visits are by appointment only.

The Receiver makes no representations as to the accuracy or completeness of the information presented. Parties submitting a proposal are to rely on their own investigations to determine the accuracy of same.

The Receiver requests Proposals to be submitted via email to jfritz@bdo.ca on or before **12:00 noon on Friday, February 2, 2024** (the "**Proposal Deadline**"). The Receiver shall be entitled to accept Proposals prior to the Proposal Deadline and may communicate with a party submitting a Proposal to seek clarification and/or negotiate further without the obligation to negotiate with any party submitting a Proposal or giving any party submitting a Proposal the opportunity to resubmit a Proposal. The Receiver is not obligated to accept any Proposal and the highest Proposal shall not necessarily be accepted. The Receiver reserves the right to reject any and all Proposals without explanation.

Should you have any questions regarding the foregoing, or would like to schedule an appointment to view the Property, please contact the undersigned via email or telephone (204)282-9761.

Regards,

John R. Fritz, LIT
Vice-President
BDO Canada Limited
Direct: (204)282-9716

jfritz@bdo.ca

201 Portage Avenue, 26th Floor
Winnipeg, MB R3B 3K6
Tel: (204)956-7200
Fax: (833)888-1678
www.bdo.ca

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Planning, Property and Development Department • Service de l'urbanisme, des biens et de l'aménagement
Development and Inspections Division • Division de l'aménagement et des inspections
Enforcement Services Unit • Unité des services d'exécution

Page 1

In reply please refer to/Référence à rappeler: James Cameron
Phone: (204) 986-2652

ORDER MITIGATE UNSAFE CONDITION

November 3, 2022

REGISTERED MAIL: RN 445 930 996 CA

Kromar Printing Ltd.

REGULAR MAIL

Kromar Printing Ltd.

RE: 725 Portage Avenue

FOLDER NO: 22-223939 ORD

LEGAL DESCRIPTION: LOTS 1 TO 21 PLAN 114 WLTO (W DIV) PARISH OF ST JAMES EXC OUT OF SAID LOT 7 TO 21, THE ELY 8 FEET AND EXC OUT OF SAID LOT 6 ALL THAT PORTION OF THE MOST ELY 8 FEET WHICH LIES TO THE NORTH OF A LINE DRAWN SOUTH OF PARALLEL WITH AND PERP DISTANT 16.5 FEET FROM THE NORTHERN LIMIT OF LOT 1 PLAN 171 WLTO (W DIV) IN SAID PARISH

It has come to the attention of the undersigned that the above noted premises has revealed hazardous condition(s).

This contravenes the City of Winnipeg Building By-law No. 4555/87, specifically:

Section 12.1 "Premises are in an unsafe condition when they pose a risk of harm to people, animals or neighbouring properties and, without restricting the generality of the foregoing, a property is in an unsafe condition when (a) all or parts of the buildings or structures located on the premises constitute a fire hazard or are likely to fall or cause an explosion; (b) the floors, stairs, walls and other structural aspects of buildings or structures located on the premises are insecure or pose a danger to people or animals who enter the buildings or structures; (c) a vacant building or structure is unguarded or open so that entry can be easily gained to it; or (d) wells, excavations, openings or holes located on the premises are not property covered or guarded so that people or animals could fall into them and be trapped."; and/or,

Section 12.2 "The owner and occupant of premises shall not permit those premises to be in an unsafe condition."

A copy of the aforementioned By-laws can be viewed at:

<http://clkapps.winnipeg.ca/dmis/docext/ViewDoc.asp?DocumentTypeId=1&DocId=1265&DocType=C>

Justification for Order: Deterioration of the building's facebrick façade on the south elevation of the building (*Portage Avenue*) is occurring. This includes the area of the parapet wall and its concrete capping at the top of the south elevation. Mesh/netting material has been installed on the south elevation of the building (*Portage Avenue*) in attempt to mitigate any loose building façade material falling onto the public sidewalk below. This mesh/netting material has been in place for many years and has since deteriorated and fallen apart, some parts of it are no longer intact, and some parts are completely missing. In its current state, this material serves no purpose as originally intended. Also, scaffolding has been installed on the public sidewalk along the south elevation of the building (*Portage Avenue*) to further assist with overhead protection from pieces of the deteriorated building façade falling from above. The scaffolding has also been in place for many years and has caused difficulties in regard to unwanted public access and use and/or occupation of the structure, as well as allow vandalism to occur on the building's 2nd floor exterior windows.

ACCORDINGLY, YOU ARE HEREBY ORDERED to engage in the following scheduled timelines at the address known municipally as 725 Portage Avenue:

1. Restore/Repair the mesh netting material on the exterior south elevation of the building **on or before, but not later than November 11, 2022; and,**
2. Obtain the services of a structural engineer, licensed to practice in the Province of Manitoba, to inspect the structure and forward a signed and sealed report to this office that either:
 - (a) certifies the structural integrity of the structure located at the address known municipally as 725 Portage Ave in its present condition **on or before, but not later than November 18, 2022; or,**
 - (b) identifies all structural defects and outlines a proposal of remedial repairs required to bring the structural aspects of the structure located at the address known municipally as 725 Portage Ave into compliance with the By-law **on or before, but not later than December 2, 2022; and,**
3. If the structural engineer provides a signed and sealed report under (2b), you must:
 - (a) submit complete construction plans and documents detailing all required repairs and how the structure located at the address known municipally as 725 Portage Ave will be rehabilitated to comply with the By-law and apply for the required permit(s) **on or before, but not later than December 2, 2022; and,**
 - (b) obtain required permit(s) and complete all repairs to bring the structure located at the address known municipally as 725 Portage Ave into compliance, making all repairs in a manner accepted as good workmanship in the trade concerned, with materials suitable and sufficient for the purpose and in compliance with all applicable Codes, Regulations and By-laws, **on or before, but not later than February 24, 2023.**

Permit applications are found at https://winnipeg.ca/ppd/permits/permits_online.stm and permit inquiries can be made at City of Winnipeg, Zoning and Permits Branch, by phone at 204-986-5140, or email ppd-permit@winnipeg.ca.

There may be other Code and By-Law violations at the above noted premises that are unknown at the time of issuance of this Order, therefore, in accordance with section 5.8 of the City of Winnipeg Building By-Law No. 4555/87, our inspection does not relieve the owner from full responsibility for carrying out the work or having the work carried out and for maintaining the building or structure in accordance with the requirements of the Code or By-Law.

ADMINISTRATION FEES

This Order may carry an administration fee of \$168.00 pursuant to the Winnipeg Planning, Development and Building Fees and Charges By-law 66/2016 section 11 Administration Fees: Administration fee for collection process on overdue accounts (including registering and unregistering a caveat or lien on title), if a caveat is issued on the property.

A copy of the aforementioned By-law can be viewed at:

<http://clkapps.winnipeg.ca/dmis/docext/ViewDoc.asp?DocumentTypeId=1&DocId=6820&DocType=C>
<https://www.winnipeg.ca/ppd/fees/default.stm>

FAILURE TO COMPLY

Please note that if you fail to comply with this Order, further enforcement action may be undertaken pursuant to The City of Winnipeg Charter, the Provincial Offences Act, and/ or the Municipal Bylaw Enforcement Act, which may include the City of Winnipeg undertaking and completing any required remediation work related to this Order, and the associated costs could be added to your property tax bill. Your compliance with this Order will make such actions unnecessary.

APPEAL

In accordance with section 189 of The City of Winnipeg Charter, you are entitled to appeal this Order to the Standing Policy Committee on Property & Development, Heritage, and Downtown Development by:

- the date specified for compliance as indicated; or,
- fourteen (14) days of receipt of this Order,

whichever is earlier.

You must send your written appeal to:

Standing Policy Committee on Property and Development, Heritage, and Downtown Development
Attention: City Clerks Department
510 Main Street, Winnipeg, MB, 3B 1B9
Planning, Property and Development
<http://www.winnipeg.ca/ppd/>

Fax: 204-947-3452 • CLK-Appeals@winnipeg.ca

Should you have any questions with regard to this matter, please contact the Building Inspector Mr. Mike Klatt at 204-986-5190 or mklatt@winnipeg.ca; Monday to Friday, between the hours of 8:00 a.m. and 4:00 p.m.

Regards,



James Cameron, CET
Chief Commercial Building Inspector
Development and Inspections Division
Planning, Property and Development
City of Winnipeg
Designated Employee
/jyw

725 Portage Avenue

Roll Number: 13040848500

St Matthews

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2024 Assessment Roll (Market value as at April 1, 2021)

Property Class(es)	Status(es)	Assessed Value
Other	Taxable	\$2,480,000

Proposed 2025 Assessment Value (Market value as at April 1, 2023)

Property Class(es)	Status(es)	Assessed Value
Not Yet Available	Not Yet Available	Not Yet Available

Property Information

Property Use Code	INWWH - Warehouse
Assessed Land Area	1.2 acres
Water Frontage Measurement	599.94 ft.
Sewer Frontage Measurement	599.80 ft.
Property Influences	Bus Route Heavy Traffic External Corner

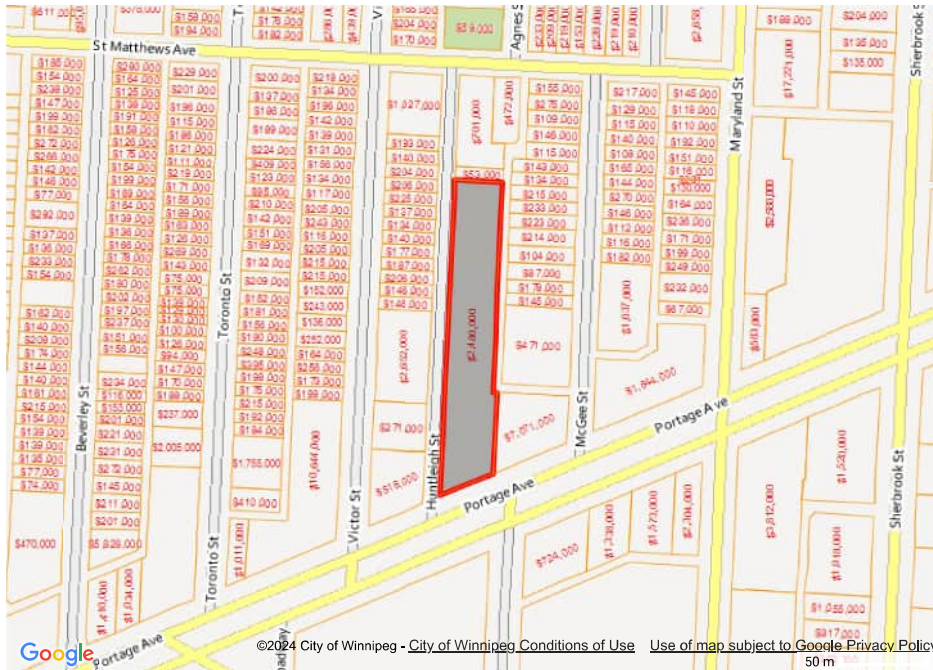
Was this information helpful?

⚠️ Extreme cold weather conditions in effect: get safety tips and find resources

🚫 The Annual Winter Route Parking Ban is in effect

725 Portage Avenue

Roll Number: 13040848500



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STATUS OF TITLE

Title Number **1363513/1**
Title Status **Accepted**
Client File **0113963.00023/JG**



1. REGISTERED OWNERS, TENANCY AND LAND DESCRIPTION

KROMAR PRINTING LTD.

IS REGISTERED OWNER SUBJECT TO SUCH ENTRIES RECORDED HEREON IN THE FOLLOWING DESCRIBED LAND:

LOTS 1 TO 21 PLAN 114 WLTO (W DIV) PARISH OF ST JAMES
EXC OUT OF SAID LOT 7 TO 21, THE ELY 8 FEET
AND EXC OUT OF SAID LOT 6 ALL THAT PORTION OF THE MOST ELY 8 FEET
WHICH LIES TO THE NORTH OF A LINE DRAWN SOUTH OF PARALLEL WITH AND
PERP DISTANT 16.5 FEET FROM THE NORTHERN LIMIT OF LOT 1 PLAN 171 WLTO
(W DIV) IN SAID PARISH

The land in this title is, unless the contrary is expressly declared, deemed to be subject to the reservations and restrictions set out in section 58 of *The Real Property Act*.

2. ACTIVE INSTRUMENTS

Instrument Type: **Mortgage**
Registration Number: **2958354/1**
Instrument Status: **Accepted**

Registration Date: 2004-03-08
From/By: KROMAR PRINTING LTD.
To: BUSINESS DEVELOPMENT BANK OF CANADA

Amount: \$2,000,000.00
Notes: No notes
Description: No description

INSTRUMENTS THAT AFFECT THIS INSTRUMENT

<u>Registration Number</u>	<u>Instrument Type</u>	<u>Status</u>
3679343/1	Amending Agreement	Accepted

Instrument Type: **Amending Agreement**
Registration Number: **3679343/1**
Instrument Status: **Accepted**

Registration Date: 2008-09-23
From/By: BUSINESS DEVELOPMENT BANK OF CANADA
To: KROMAR PRINTING LTD.

Amount:
Notes: No notes
Description: No description

Instrument Type: **Caveat**
Registration Number: **4332521/1**
Instrument Status: **Accepted**

Registration Date: 2013-03-07
From/By: FRONTIER CAPITAL PARTNERS LIMITED
To:

Amount:
Notes: No notes
Description: EQUITABLE MORTGAGE

INSTRUMENTS THAT AFFECT THIS INSTRUMENT

<u>Registration Number</u>	<u>Instrument Type</u>	<u>Status</u>
4581269/1	Change Of Address	Accepted
4749124/1	Assignment Of Caveat	Accepted
5087607/1	Postponement Of Rights	Accepted

Instrument Type: **Personal Property Security Notice**
Registration Number: **4581268/1**
Instrument Status: **Accepted**

Registration Date: 2015-02-26
From/By: 6230539 MANITOBA LTD.
To:

Amount:
Notes: No notes
Description: EXPIRES JULY 1ST, 2020

INSTRUMENTS THAT AFFECT THIS INSTRUMENT

<u>Registration Number</u>	<u>Instrument Type</u>	<u>Status</u>
4749123/1	Miscellaneous	Accepted
5087608/1	Postponement Of Rights	Accepted

Instrument Type: **Change Of Address**
Registration Number: **4581269/1**
Instrument Status: **Accepted**

Registration Date: 2015-02-26
From/By: 6230539 MANITOBA LTD.
To:

Amount:
Notes: No notes
Description: CHANGE ADDRESS FOR SERVICE OF THE CAVEATOR

Instrument Type: **Caveat**
Registration Number: **4726807/1**
Instrument Status: **Accepted**

Registration Date: 2016-06-01
From/By: THE MANITOBA HYDRO-ELECTRIC BOARD
To:

Amount:
Notes: No notes
Description: EQUITABLE MORTGAGE

INSTRUMENTS THAT AFFECT THIS INSTRUMENT

<u>Registration Number</u>	<u>Instrument Type</u>	<u>Status</u>
5087609/1	Postponement Of Rights	Accepted

Instrument Type: **Notice**
Registration Number: **4726809/1**
Instrument Status: **Accepted**

Registration Date: 2016-06-01
From/By: MANITOBA HYDRO
To: KROMAR PRINTING LTD.

Amount:
Notes: No notes
Description: NOTICE OF AGREEMENT S. 12 ENERGY SAVINGS ACT

INSTRUMENTS THAT AFFECT THIS INSTRUMENT

<u>Registration Number</u>	<u>Instrument Type</u>	<u>Status</u>
5087610/1	Postponement Of Rights	Accepted

Instrument Type: **Miscellaneous**
Registration Number: **4749123/1**
Instrument Status: **Accepted**

Registration Date: 2016-08-03
From/By: 6230539 MANITOBA LTD.
To: 7303948 MANITOBA LTD.

Amount:
Notes: No notes
Description: ASSIGNMENT OF PPSN 4581268/1

Instrument Type: **Assignment Of Caveat**
Registration Number: **4749124/1**
Instrument Status: **Accepted**

Registration Date: 2016-08-03
From/By: FRONTIER CAPITAL PARTNERS LIMITED
To: 7303948 MANITOBA LTD.

Amount:
Notes: No notes
Description: No description

Instrument Type: **Mortgage**
Registration Number: **5087604/1**
Instrument Status: **Accepted**

Registration Date: 2019-07-18
From/By: KROMAR PRINTING LTD.
To: JAYCAP FINANCIAL LTD.

Amount: \$2,100,000.00
Notes: No notes
Description: No description

Instrument Type: **Caveat**
Registration Number: **5087605/1**
Instrument Status: **Accepted**

Registration Date: 2019-07-18
From/By: JAYCAP FINANCIAL LTD.
To: Doug E. Fawcett as agent

Amount:
Notes: No notes
Description: Assignment of rents and leases

Instrument Type: **Personal Property Security Notice**
Registration Number: **5087606/1**
Instrument Status: **Accepted**

Registration Date: 2019-07-18
From/By: JayCap Financial Ltd.
To: Doug E. Fawcett as agent

Amount:
Notes: No notes
Description: Expires on 2024/07/10 (Fixtures & Payments)

Instrument Type: Postponement Of Rights
Registration Number: 5087607/1
Instrument Status: Accepted

Registration Date: 2019-07-18
From/By: 7303948 Manitoba Ltd. (M 4332521/1)
To: to M 5087604/1, CAV 5087605/1, PPSN 5087606/1

Amount:
Notes: No notes
Description: No description

Instrument Type: Postponement Of Rights
Registration Number: 5087608/1
Instrument Status: Accepted

Registration Date: 2019-07-18
From/By: 7303948 Manitoba Ltd. (PPSN 4581268/1)
To: to M 5087604/1, CAV 5087605/1, PPSN 508/606/1

Amount:
Notes: No notes
Description: No description

Instrument Type: Postponement Of Rights
Registration Number: 5087609/1
Instrument Status: Accepted

Registration Date: 2019-07-18
From/By: The Manitoba Hydro-Electric Board (CAV 4726807/1)
To: to M 5087604/1, CAV 5087605/1, PPSN 5087606/1

Amount:
Notes: No notes
Description: No description

Instrument Type: Postponement Of Rights
Registration Number: 5087610/1
Instrument Status: Accepted

Registration Date: 2019-07-18
From/By: Manitoba Hydro (N 4726809/1)
To: to M 5087604/1, CAV 5087605/1, PPSN 5087606/1

Amount:
Notes: No notes
Description: No description

Instrument Type: Mortgage
Registration Number: 5299477/1
Instrument Status: Accepted

Registration Date: 2021-05-31
From/By: KROMAR PRINTING LTD.
To: VOLUME FREIGHT SOLUTIONS INC.

Amount: \$214,478.21
Notes: No notes
Description: No description

Instrument Type: Caveat
Registration Number: 5488862/1
Instrument Status: Accepted

Registration Date: 2022-11-09
From/By: The City of Winnipeg
To:

Amount:
Notes: No notes
Description: Compliance Order. s.184(3) The City of Winnipeg Charter

Instrument Type:	Tax Sale-First Return
Registration Number:	5499226/1
Instrument Status:	Accepted
Registration Date:	2022-12-14
From/By:	The City of Winnipeg
To:	
Amount:	
Notes:	No notes
Description:	Series 127 Tax years 2019, 2020, 2021, 2022
3. ADDRESSES FOR SERVICE	
KROMAR PRINTING LTD. 725 PORTAGE AVENUE WINNIPEG MB R3G 0M8	
4. TITLE NOTES	
No title notes	
5. LAND TITLES DISTRICT	
Winnipeg	
6. DUPLICATE TITLE INFORMATION	
Duplicate not produced	
7. FROM TITLE NUMBERS	
C89811/1 All	
8. REAL PROPERTY APPLICATION / CROWN GRANT NUMBERS	
No real property application or grant information	
9. ORIGINATING INSTRUMENTS	
Instrument Type:	Transfer Of Land
Registration Number:	1817150/1
Registration Date:	1994-07-13
From/By:	COVE ENTERPRISES LTD.
To:	KROMAR PRINTING LTD.
Consideration:	\$1,300,000.00

10. LAND INDEX

Lot 1 Plan 114
RL 71 JA (W DIV)

Lot 2 Plan 114
RL 71 JA (W DIV)

Lot 3 Plan 114
RL 71 JA (W DIV)

Lot 4 Plan 114
RL 71 JA (W DIV)

Lot 5 Plan 114
RL 71 JA (W DIV)

Lot 6 Plan 114
RL 71 JA (W DIV) EX PT

Lot 7 Plan 114
RL 71 JA (W DIV) EX E 8'

Lot 8 Plan 114
RL 71 JA (W DIV) EX E 8'

Lot 9 Plan 114
RL 71 JA (W DIV) EX E 8'

Lot 10 Plan 114
RL 71 JA (W DIV) EX E 8'

Lot 11 Plan 114
RL 71 JA (W DIV) EX E 8'

Lot 12 Plan 114
RL 71 JA (W DIV) EX E 8'

Lot 13 Plan 114
RL 71 JA (W DIV) EX E 8'

Lot 14 Plan 114
RL 71 JA (W DIV) EX E 8'

Lot 15 Plan 114
RL 71 JA (W DIV) EX E 8'

Lot 16 Plan 114
RL 71 JA (W DIV) EX E 8'

Lot 17 Plan 114
RL 71 JA (W DIV) EX E 8'

Lot 18 Plan 114
RL 71 JA (W DIV) EX E 8'

Lot 19 Plan 114
RL 71 JA (W DIV) EX E 8'

Lot 20 Plan 114
RL 71 JA (WIDV) EX E 8'

Lot 21 Plan 114
RL 71 (W DIV) EX E 8'

CERTIFIED TRUE EXTRACT PRODUCED FROM THE LAND TITLES DATA STORAGE
SYSTEM OF TITLE NUMBER 1363513/1

Appendix F – January 28, 2024 Realtor Correspondence

Warga, Brent

From: Fritz, John
Sent: January 28, 2024 5:14 PM
Subject: RE: Kromar Printing Ltd. - Requests for Realty Proposals
Attachments: 24-01-24 Kromar Printing Ltd. - Building Schematic.pdf

Good afternoon,

Further to the correspondence below, please find a building schematic document obtained from the records of Kromar. The attached is for information purposes only, and the Receiver makes no representations as to the accuracy or completeness of this information and parties submitting a proposal are to rely on their own investigations to determine the accuracy of same.

Regards,

John R. Fritz, LIT
Vice-President
BDO Canada Limited
Direct: (204)282-9716
jfritz@bdo.ca

201 Portage Avenue, 26th Floor
Winnipeg, MB R3B 3K6
Tel: (204)956-7200
Fax: (833)888-1678
www.bdo.ca

From: Fritz, John
Sent: January 19, 2024 6:16 PM
Subject: Kromar Printing Ltd. - Requests for Realty Proposals

Good afternoon,

On December 1, 2023 Deloitte Restructuring Inc. was appointed by the Court of King's Bench for Manitoba (the "**Court**") as receiver of Kromar Printing Ltd. ("**Kromar**") and on December 22, 2023, pursuant to a further order of the Court, BDO Canada Limited was substituted as receiver (the "**Receiver**").

The Receiver is soliciting realty proposals (the "**Proposal**") to sell Kromar's real property located at 725 Portage Avenue in Winnipeg, Manitoba (the "**Property**") on behalf of the Receiver. Proposals are requested to include:

1. Recommended list price;
2. Fees and commission structure;
3. Estimated appraised/realizable value; and
4. Marketing plan and estimated time to close.

Further information about the Property:

1. Approximately 107,000 square foot building with fenced parking area to the North of the building;
2. Constructed in 1929, addition to the North portion of the building built in approximately 1946;
3. Original portion of the building is five (5) storeys and the addition is six (6) storeys;
4. Owned and operated by Kromar since about the 1960s;
5. Building includes office, storage, production, basement and boiler areas, and has an interior loading dock;
6. Building is passenger and freight elevator serviced;

7. Sale of the Property will be subject to Court Approval including a Vesting Order providing for the removal of creditors' registrations against the Property;
8. The Property is subject to a currently outstanding City of Winnipeg Order to Mitigate Unsafe Condition (attached for reference) for remediation of the building's façade;
9. Other attachments provided for reference:
 - a. City of Winnipeg tax assessment and map; and
 - b. Status of Title.
10. Property site visits are by appointment only.

The Receiver makes no representations as to the accuracy or completeness of the information presented. Parties submitting a proposal are to rely on their own investigations to determine the accuracy of same.

The Receiver requests Proposals to be submitted via email to jfritz@bdo.ca on or before **12:00 noon on Friday, February 2, 2024** (the "**Proposal Deadline**"). The Receiver shall be entitled to accept Proposals prior to the Proposal Deadline and may communicate with a party submitting a Proposal to seek clarification and/or negotiate further without the obligation to negotiate with any party submitting a Proposal or giving any party submitting a Proposal the opportunity to resubmit a Proposal. The Receiver is not obligated to accept any Proposal and the highest Proposal shall not necessarily be accepted. The Receiver reserves the right to reject any and all Proposals without explanation.

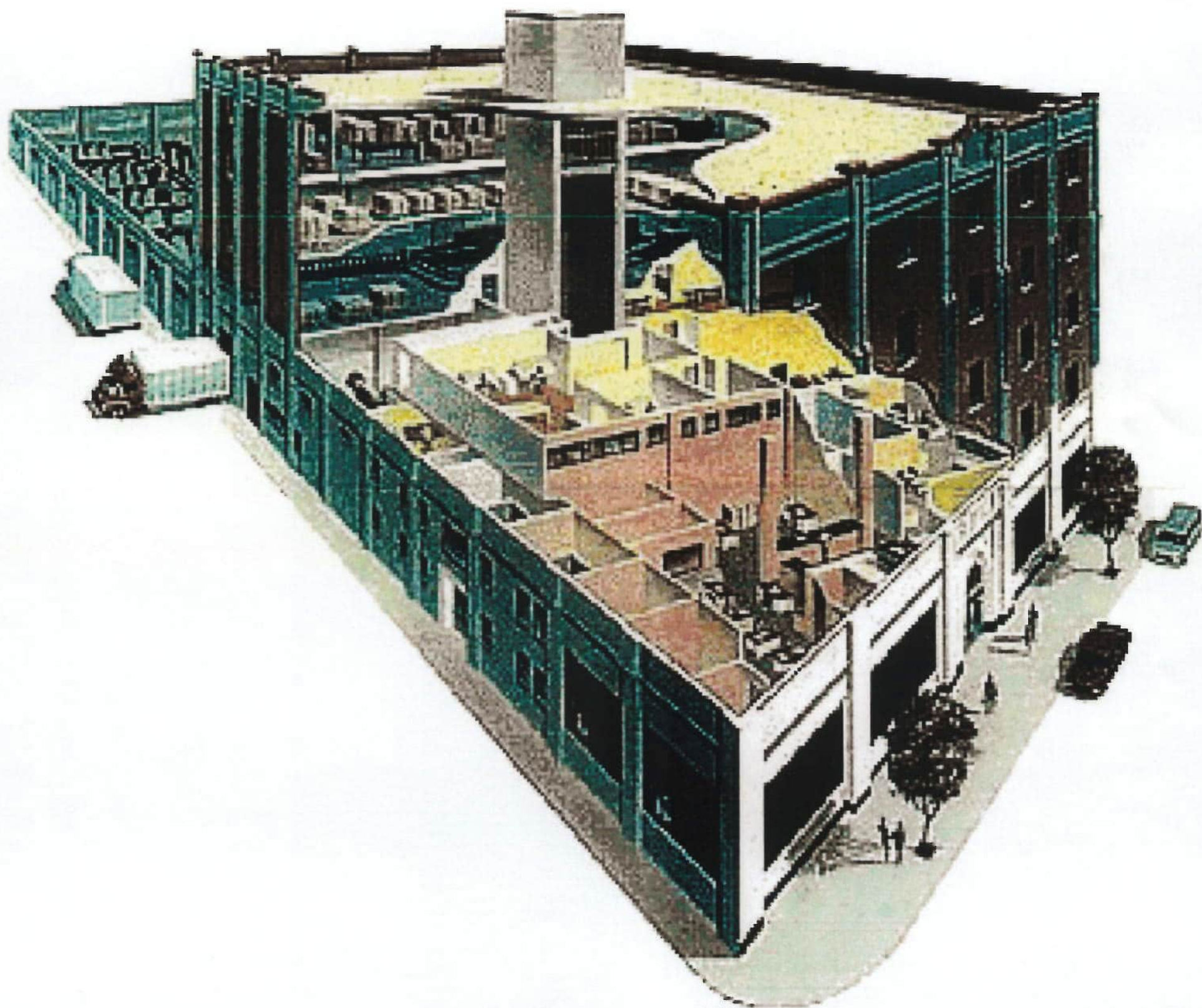
Should you have any questions regarding the foregoing, or would like to schedule an appointment to view the Property, please contact the undersigned via email or telephone (204)282-9761.

Regards,

John R. Fritz, LIT
Vice-President
BDO Canada Limited
Direct: (204)282-9716
jfritz@bdo.ca

201 Portage Avenue, 26th Floor
Winnipeg, MB R3B 3K6
Tel: (204)956-7200
Fax: (833)888-1678
www.bdo.ca

Kromar Printing Ltd. Building Schematic



Approximate square footage for this floor is 18,360 SF

Total Building Approximately 117,934 SF

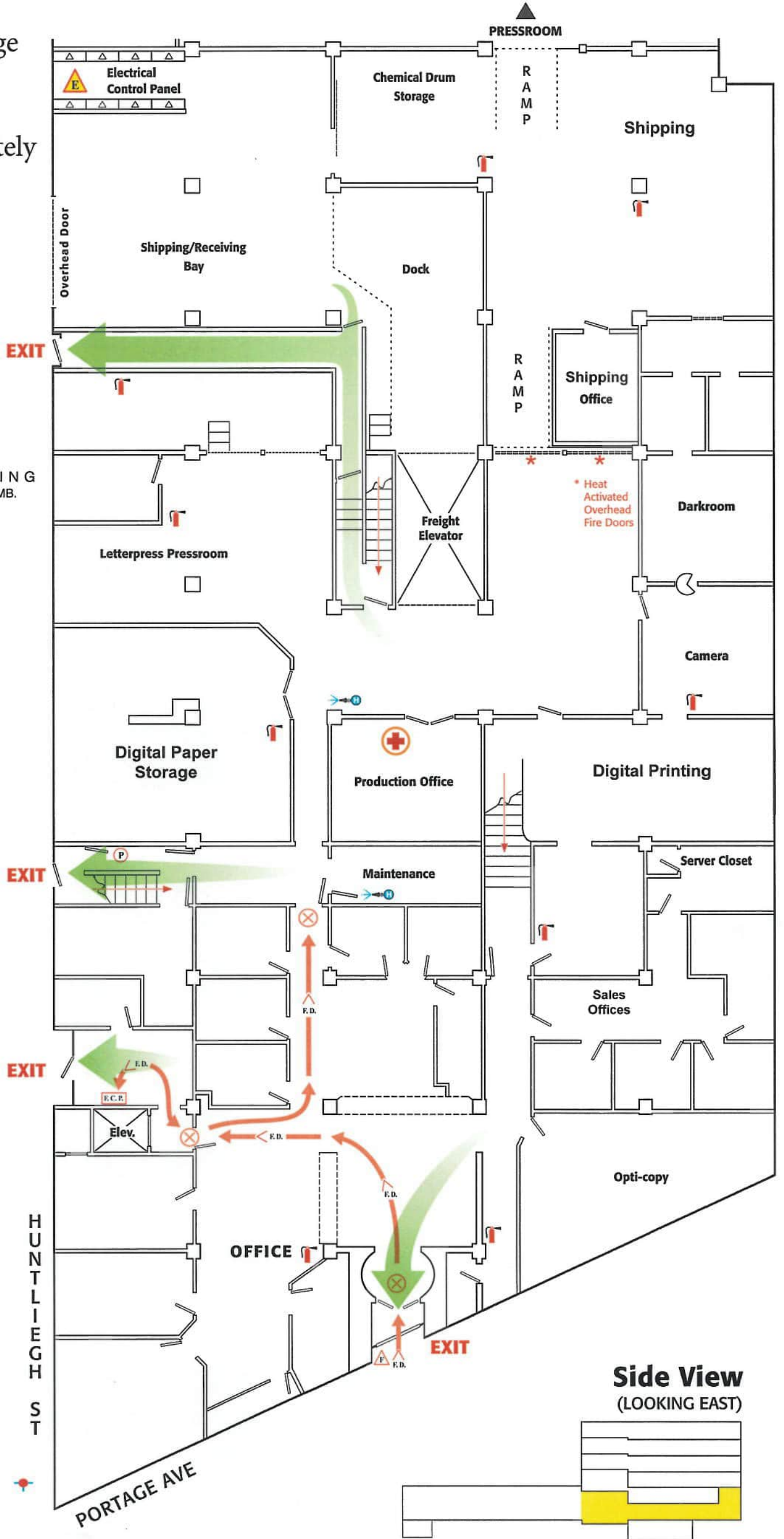


KROMAR PRINTING
725 Portage Avenue, Winnipeg, MB.

FIRST
1:160 SCALE

LEGEND:

- Gas Shutoff
- Water Shutoff
- Electricity Shutoff
- Fire Extinguisher
- Hose / Standpipe
- Fire Alarm Pull Station
- Fire Alarm Control Panel
- Fire Dept. Access
- Fire Dept. Key Box
- Fire Hydrant
- Generator
- First-Aid
- Eye Wash Station
- EXIT** Exit



Approximate square footage for this floor is 7,159 SF



KROMAR PRINTING
725 Portage Avenue, Winnipeg, MB.

MEZZANINE
1:160 SCALE

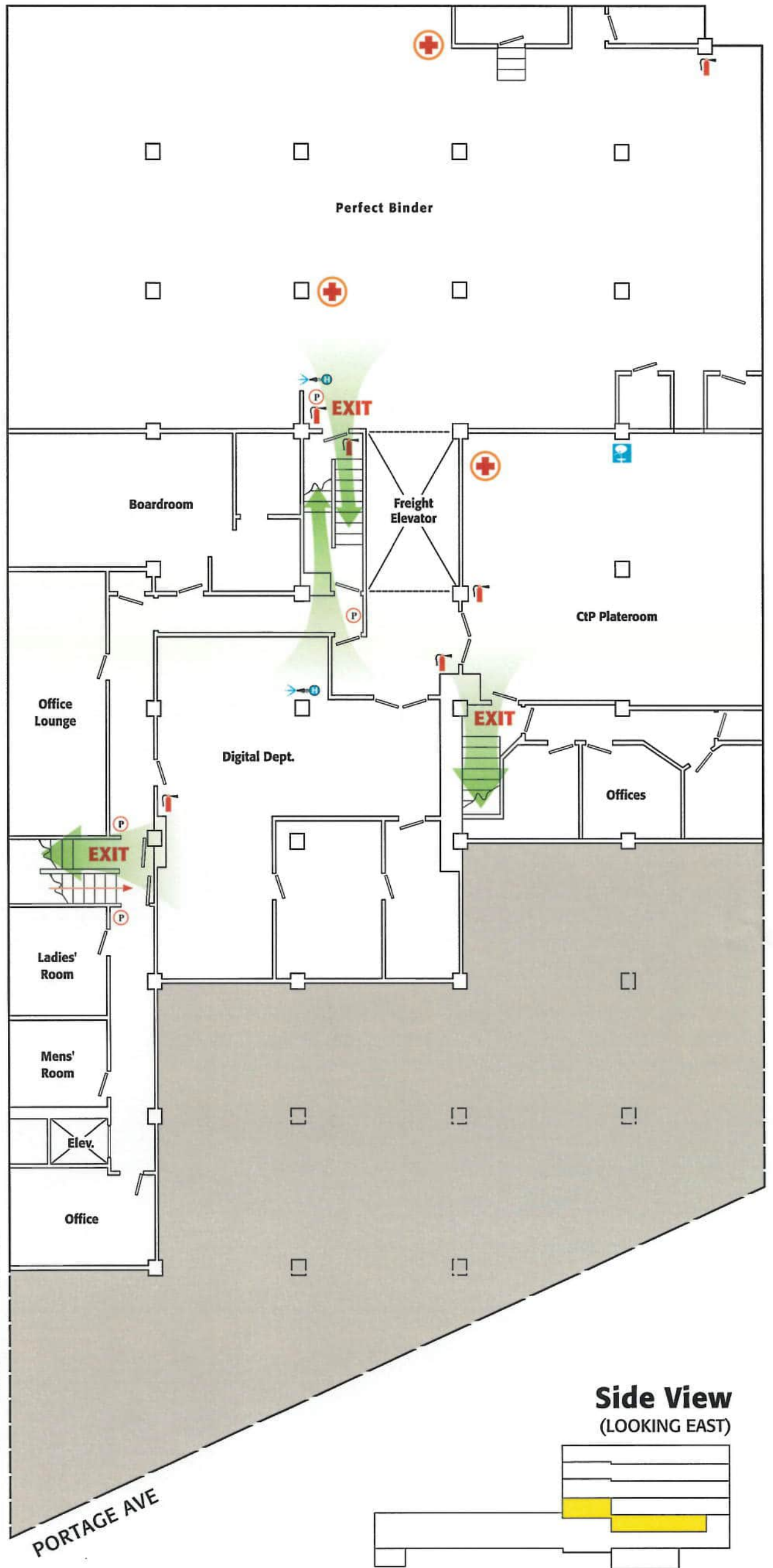
LEGEND:

- Gas Shutoff
- Water Shutoff
- Electricity Shutoff
- Fire Extinguisher
- Hose / Standpipe
- Fire Alarm Pull Station
- Fire Alarm Control Panel
- Fire Dept. Access
- Fire Dept. Key Box
- Fire Hydrant
- Generator
- First-Aid
- Eye Wash Station
- EXIT** Exit

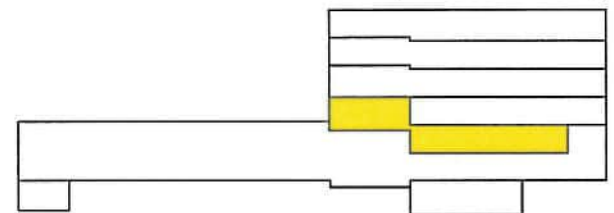


HUNTLEIGH ST

PORTAGE AVE



Side View
(LOOKING EAST)



Approximate square footage
for this floor is 18,360 SF



KROMAR PRINTING
725 Portage Avenue, Winnipeg, MB.

SECOND
1:160 SCALE

LEGEND:

- Gas Shutoff
- Water Shutoff
- Electricity Shutoff
- Fire Extinguisher
- Hose / Standpipe
- Fire Alarm Pull Station
- Fire Alarm Control Panel
- Fire Dept. Access
- Fire Dept. Key Box
- Fire Hydrant
- Generator
- First-Aid
- Eye Wash Station
- EXIT** Exit



Approximate square footage for this floor is 18,360 SF



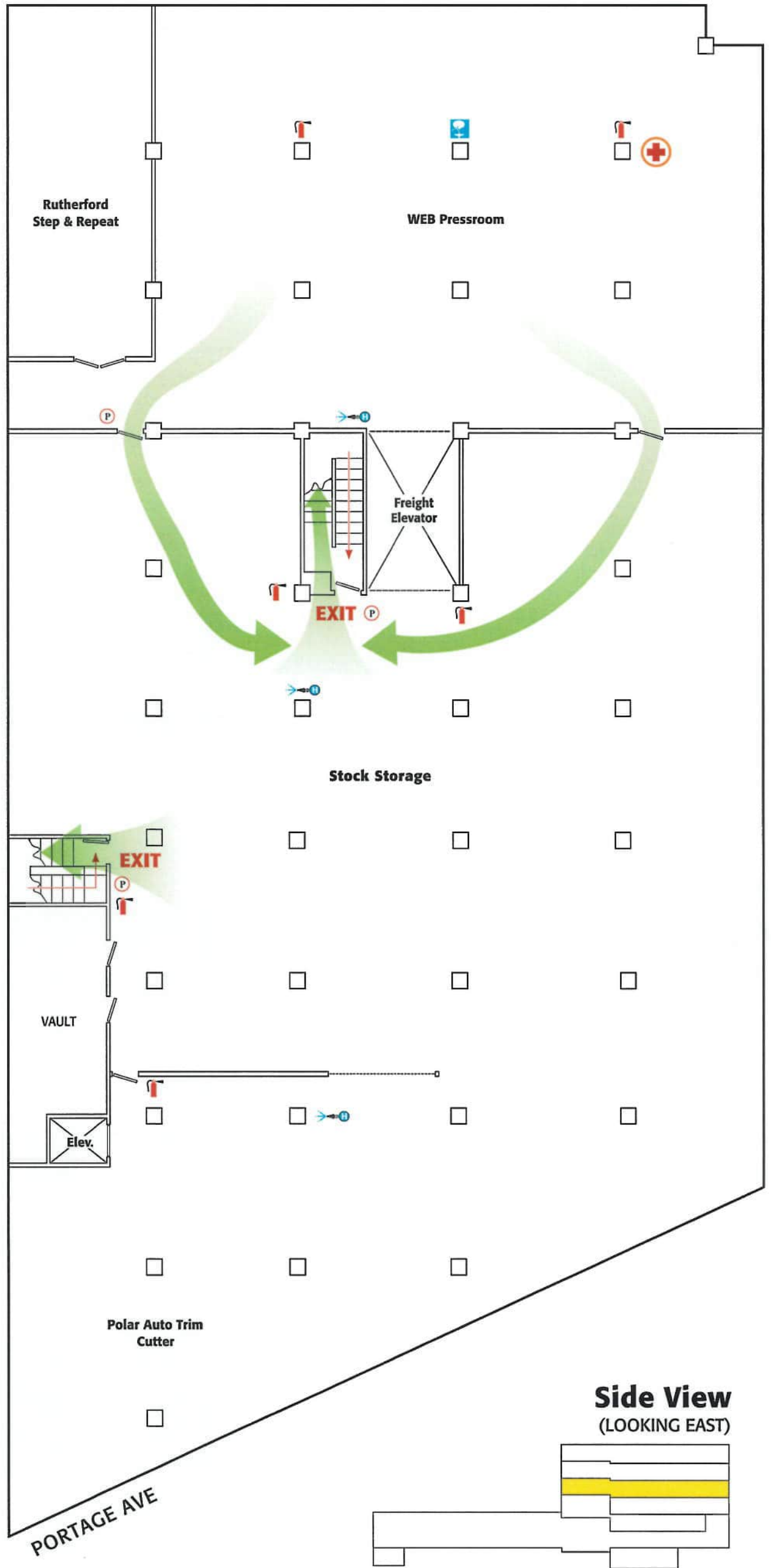
THIRD
1:160 SCALE

LEGEND:

- Gas Shutoff
- Water Shutoff
- Electricity Shutoff
- Fire Extinguisher
- Hose / Standpipe
- Fire Alarm Pull Station
- Fire Alarm Control Panel
- Fire Dept. Access
- Fire Dept. Key Box
- Fire Hydrant
- Generator
- First-Aid
- Eye Wash Station
- EXIT** Exit



HUNTLEIGH ST



Approximate square footage for this floor is 18,360 SF



KROMAR PRINTING
725 Portage Avenue, Winnipeg, MB.

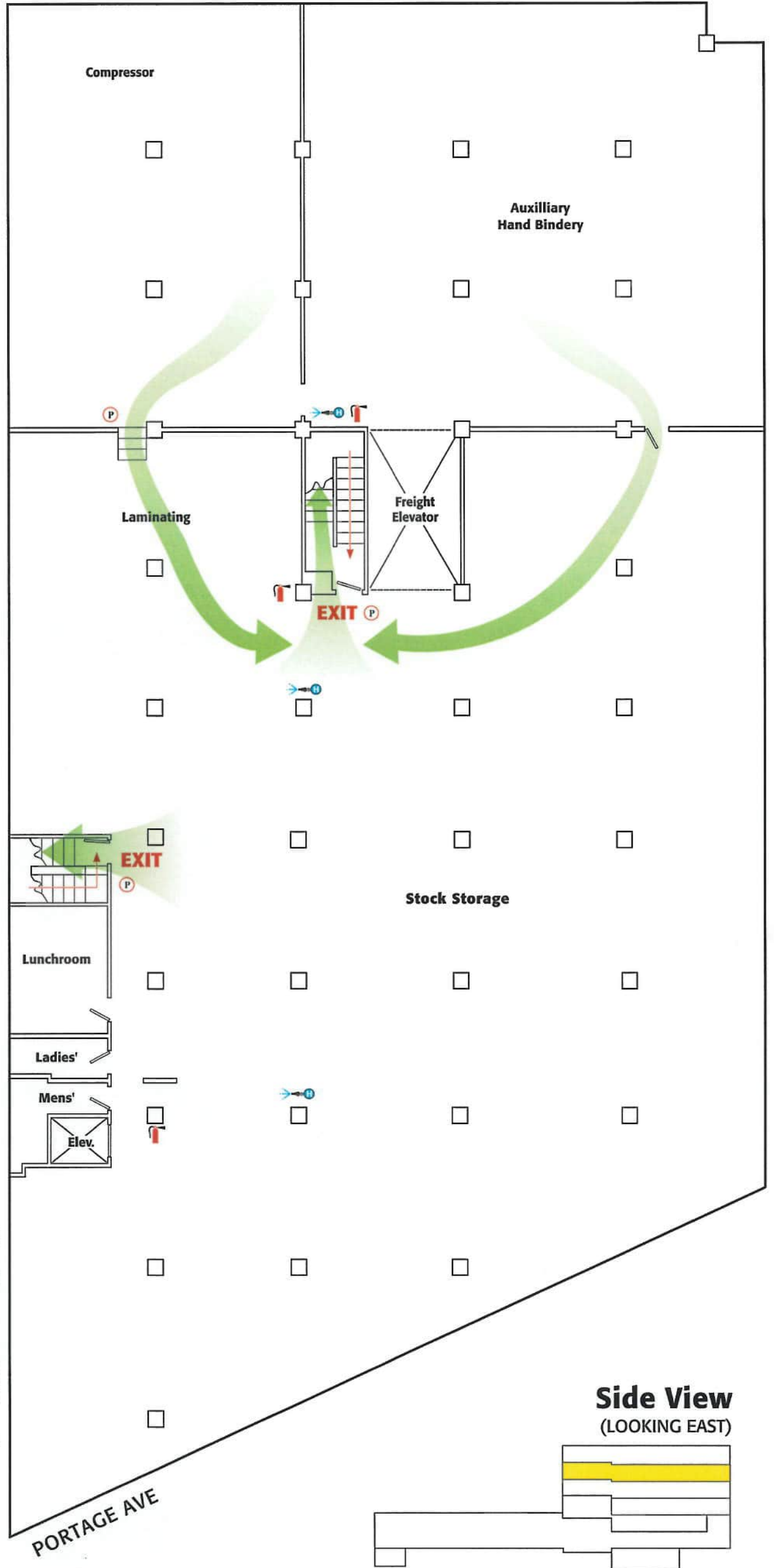
FOURTH
1:160 SCALE

LEGEND:

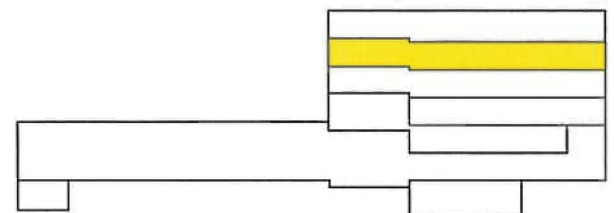
- Gas Shutoff
- Water Shutoff
- Electricity Shutoff
- Fire Extinguisher
- Hose / Standpipe
- Fire Alarm Pull Station
- Fire Alarm Control Panel
- Fire Dept. Access
- Fire Dept. Key Box
- Fire Hydrant
- Generator
- First-Aid
- Eye Wash Station
- EXIT** Exit



HUNTLIEGH ST



Side View
(LOOKING EAST)



Approximate square footage for this floor is 18,360 SF



KROMAR PRINTING
725 Portage Avenue, Winnipeg, MB.

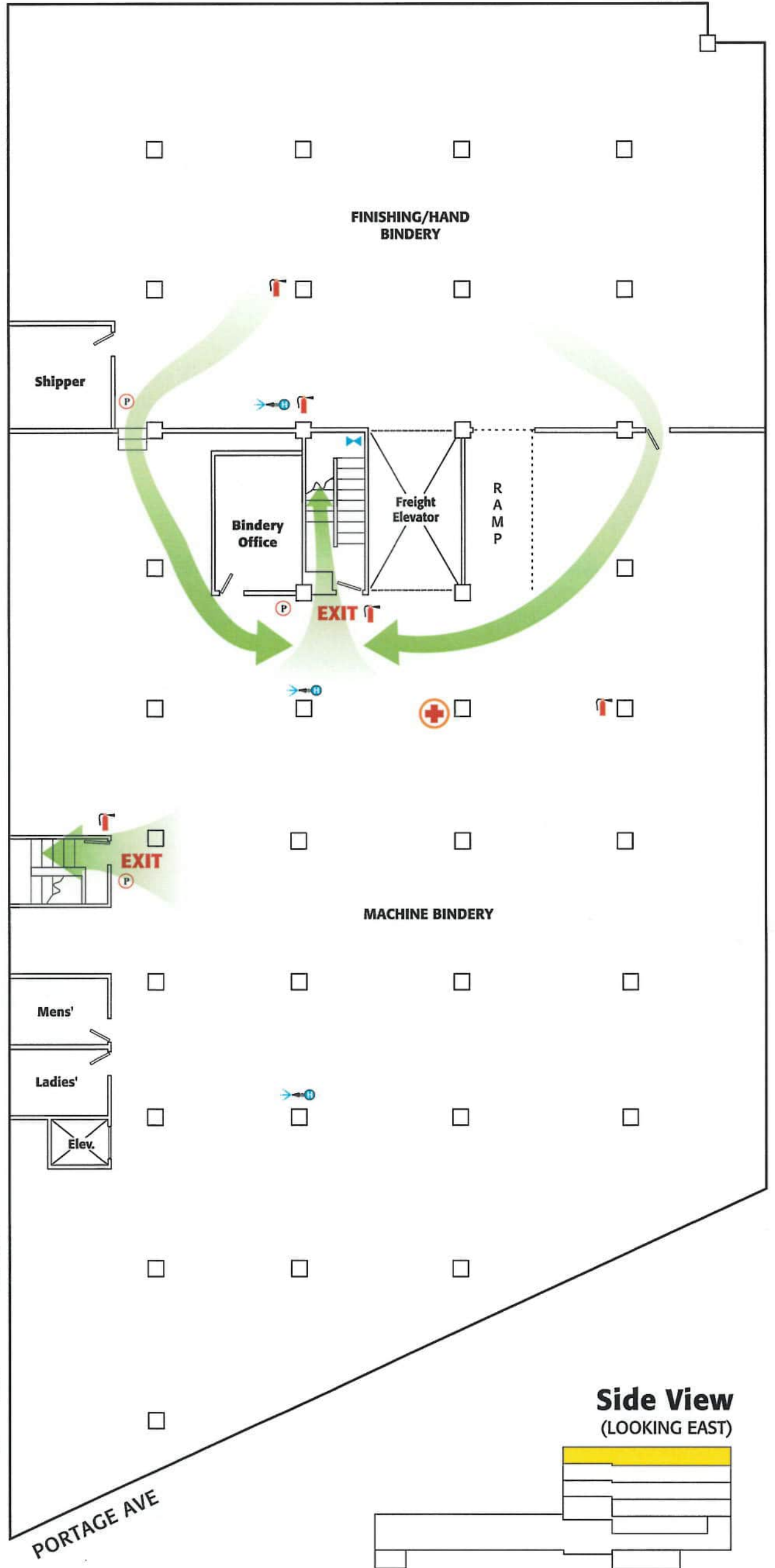
FIFTH
1:160 SCALE

LEGEND:

- Gas Shutoff
- Water Shutoff
- Electricity Shutoff
- Fire Extinguisher
- Hose / Standpipe
- Fire Alarm Pull Station
- Fire Alarm Control Panel
- Fire Dept. Access
- Fire Dept. Key Box
- Fire Hydrant
- Generator
- First-Aid
- Eye Wash Station
- EXIT** Exit

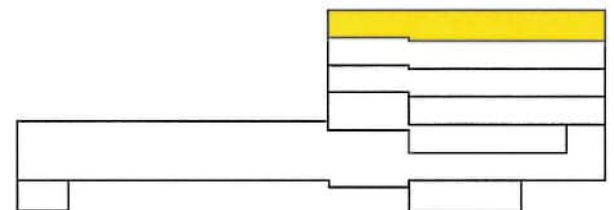


HUNTLEIGH ST



PORTAGE AVE

Side View
(LOOKING EAST)



Side View
(LOOKING EAST)



Approximate square footage for this floor is 19,000 SF



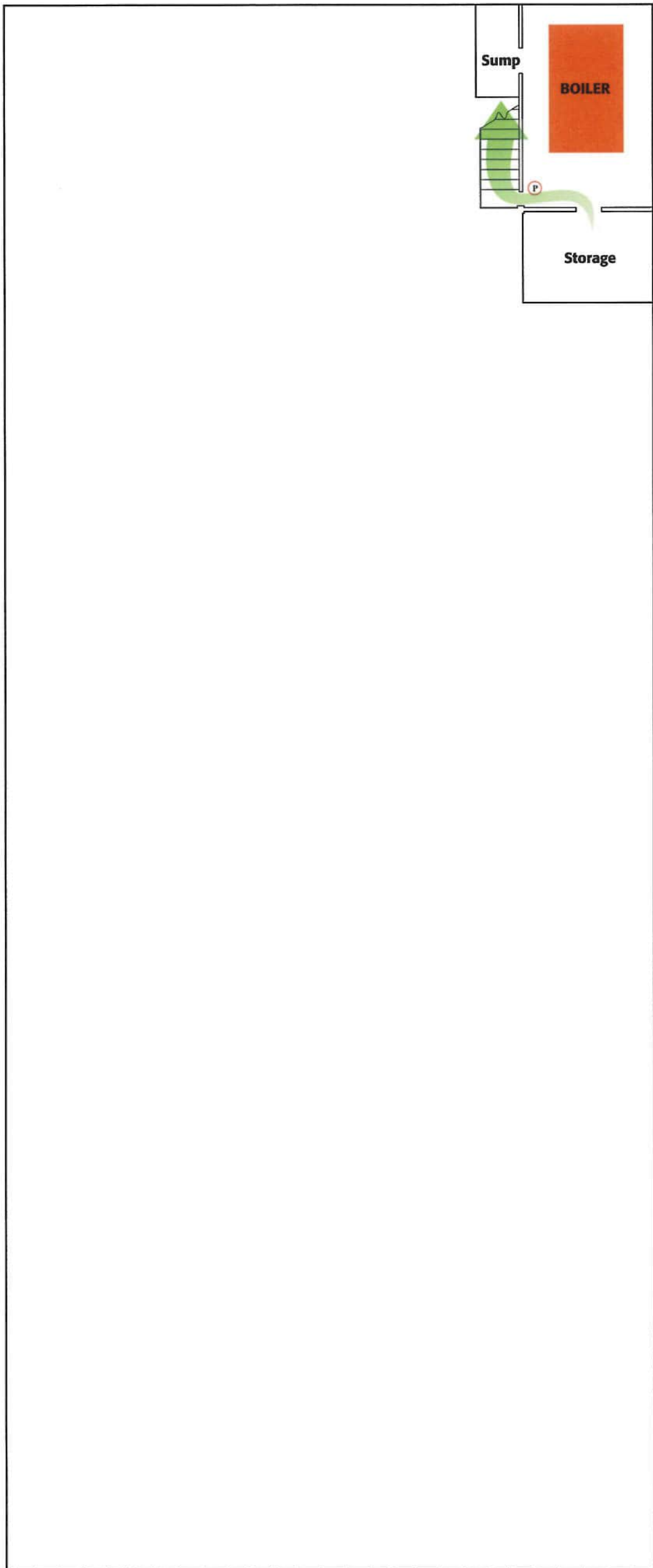
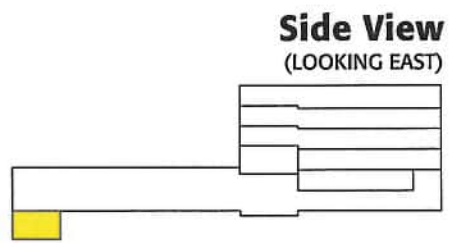
PRESSROOM

1:160 SCALE

LEGEND:

- Gas Shutoff
- Water Shutoff
- Electricity Shutoff
- Fire Extinguisher
- Hose / Standpipe
- Fire Alarm Pull Station
- Fire Alarm Control Panel
- Fire Dept. Access
- Fire Dept. Key Box
- Fire Hydrant
- Generator
- First-Aid
- Eye Wash Station
- EXIT** Exit





NORTH BASEMENT

1:160 SCALE

LEGEND:

-  Gas Shutoff
-  Water Shutoff
-  Electricity Shutoff
-  Fire Extinguisher
-  Hose / Standpipe
-  Fire Alarm Pull Station
-  Fire Alarm Control Panel
-  Fire Dept. Access
-  Fire Dept. Key Box
-  Fire Hydrant
-  Generator
-  First-Aid
-  Eye Wash Station
- EXIT** Exit






KROMAR PRINTING
725 Portage Avenue, Winnipeg, MB.

SOUTH BASEMENT

1:160 SCALE

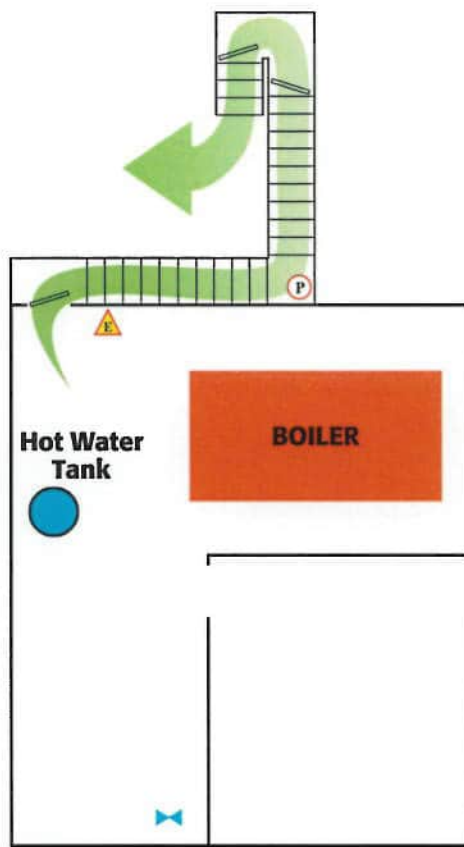
LEGEND:

-  Gas Shutoff
-  Water Shutoff
-  Electricity Shutoff
-  Fire Extinguisher
-  Hose / Standpipe
-  Fire Alarm Pull Station
-  Fire Alarm Control Panel
-  Fire Dept. Access
-  Fire Dept. Key Box
-  Fire Hydrant
-  Generator
-  First-Aid
-  Eye Wash Station
- EXIT** Exit

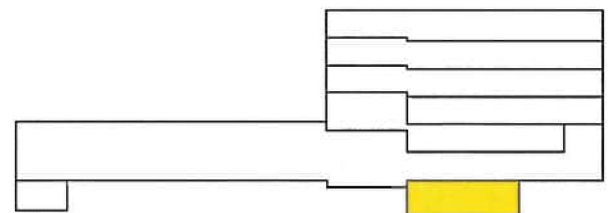


HUNTLIEGH ST

PORTAGE AVE



Side View
(LOOKING EAST)





KROMAR PRINTING
725 Portage Avenue, Winnipeg, MB.

ROOF

1:160 SCALE

LEGEND:

-  Gas Shutoff
-  Water Shutoff
-  Electricity Shutoff
-  Fire Extinguisher
-  Hose / Standpipe
-  Fire Alarm Pull Station
-  Fire Alarm Control Panel
-  Fire Dept. Access
-  Fire Dept. Key Box
-  Fire Hydrant
-  Generator
-  First-Aid
-  Eye Wash Station
- EXIT** Exit

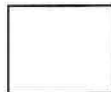


HUNTLIEGH ST

PORTAGE AVE

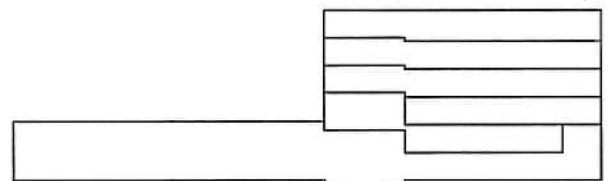


**Freight Elevator
Mechanical**



**Passenger Elevator
Mechanical**

**Side View
(LOOKING EAST)**



Appendix G – Asset Purchase Agreement (Redacted)

PURCHASE AGREEMENT

THIS AGREEMENT made the 11th day of July, 2024,
BETWEEN:

**BDO CANADA LIMITED (“BDO”), solely in its capacity as
Court-appointed receiver of KROMAR PRINTING LTD. (“Kromar”),**

(the “**Vendor**”);

- and -

NAWOC HOLDINGS LTD.
a corporation existing under the laws
of the Province of Ontario,

(the “**Purchaser**”).

WHEREAS:

- A. Pursuant to a Court order dated November 30, 2023, Deloitte Restructuring Inc. was appointed as receiver of all the assets, undertakings, and properties of Kromar;
- B. Pursuant to a Court order dated December 22, 2023, BDO was substituted as receiver in the Kromar receivership proceedings; and
- C. Subject to approval of the Court, the Vendor has agreed to sell to the Purchaser and the Purchaser has agreed to purchase from the Vendor, all of the right, title and interest of Kromar in the Property (as hereinafter defined).

IN CONSIDERATION of the mutual agreements herein contained, the sufficiency of which is hereby acknowledged by the Vendor and the Purchaser, the Vendor and the Purchaser hereby agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement the terms defined in this Section 1.1 shall have the following meanings, unless the context expressly or by necessary implication otherwise requires:

- (a) “**Adjustments**” has the meaning set out in Section 2.3(a) hereto;
- (b) “**Agreement**”, “this Agreement”, “the Agreement”, “hereto”, “hereof”, “herein”, “hereby”, “hereunder” and similar expressions mean or refer to this agreement of purchase and sale executed between the Purchaser and the Vendor, may be as amended or supplemented from time to time in writing by the Parties hereto in accordance with Section 8.6 hereto;

- (c) **“Applicable Law”** means the laws of the Province of Manitoba, including the federal laws of Canada applicable therein (including the common law and principles of equity), statutes, regulations, treaties, bylaws, ordinances, judgments, decrees and all applicable official directive, rules, consents, approvals, authorizations guidelines, standards, codes of practice, orders (including judicial administrative orders) and policies of any Governmental Authority having, or purporting to have authority over, or application to a Person, the Property, the Transaction or event, as the same may be amended up to and including the Closing Date;
- (d) **“Article”** and **“Section”** mean and refer to the specified Article and Section of this Agreement;
- (e) **“Assignment of Plans, Reports, Permits and Warranties”** means an assignment by the Vendor, from and after the Closing Date, of the Vendor’s right, title, interest and benefit in and under the Plans, Permits, Reports and Warranties to the extent they are assignable;
- (f) **“Building”** means the multi-storey building constructed on the Lands and all other existing structures, fixtures, installations and improvements located on, in or under the Lands;
- (g) **“Business Day”** means any day on which chartered banks in the Province of Manitoba are open for business and which day is not a Saturday, Sunday or statutory or civic holiday in the Province of Manitoba;
- (h) **“City Order to Mitigate Unsafe Condition”** means the City of Winnipeg Order to Mitigate Unsafe Condition dated November 3, 2022 and pertaining to remediation of the Building’s façade;
- (i) **“Claim”** means: (i) any suit, action, dispute, investigation, claim, arbitration, order, summons, citation, directive, ticket, charge, demand or prosecution, whether legal or administrative; (ii) any other proceeding; or (iii) any appeal or application for review, at law or in equity or before or by any Governmental Authority;
- (j) **“Closing”** means the closing of the purchase and sale of the Purchase Assets as contemplated herein on the Closing Date;
- (k) **“Closing Date”** means the fifth (5th) Business Day following the date on which the Vesting Order is obtained, or such later date as the Vendor and the Purchaser may mutually agree upon in writing;
- (l) **“Closing Documents”** means the agreements, instruments and other deliveries to be delivered on Closing pursuant to Sections 7.2 and 7.3 and any other applicable provisions of this Agreement;
- (m) **“Declaration and Indemnity”** has the meaning set forth in Section 7.5;

- (n) **“Deposit”** means the First Deposit and the Second Deposit;
- (o) **“Due Diligence Date”** means the 30th day following the Execution Date;
- (p) **“Encumbrances”** means any charge, lien, security interest, mortgage, hypothec, right of way, easement, restrictive covenants or any other encumbrance;
- (q) **“Environmental Condition Date”** means the 15th day after the Purchaser has received the Phase II ESA from the Vendor;
- (r) **“Environmental Consultant”** means Pinchin Ltd.;
- (s) **“Estimated Remediation Costs”** means the Environmental Consultant’s estimated costs of remediating the Property;
- (t) **“Execution Date”** means the date this Agreement is executed by both the Vendor and the Purchaser;
- (u) **“First Deposit”** means the sum of [REDACTED]
- (v) **“Governmental Authority”** means any domestic government, whether federal, provincial, state, territorial, local, regional, municipal, or other political jurisdiction, and any agency, authority, instrumentality, court, tribunal, board, commission, bureau, arbitrator, arbitration tribunal or other tribunal, or any quasi-governmental or other entity, insofar as it exercises a legislative, judicial, regulatory, administrative, expropriation or taxing power or function of or pertaining to government;
- (w) **“GST”** means the tax imposed under Part IX of the *Excise Tax Act* (Canada), as amended or re-enacted from time to time;
- (x) **“Interim Period”** means the period commencing on the Execution Date and ending on the Closing Date;
- (y) **“Lands”** means the lands which are legally described in Schedule “1.1(y)” attached hereto;
- (z) **“Notice”** has the meaning ascribed thereto in Section 8.14 hereto;
- (aa) **“Party”** means the Vendor or the Purchaser, as the case may be;
- (bb) **“Permitted Encumbrances”** means the Encumbrances listed and described in Schedule 1.1(bb) hereto;
- (cc) **“Person”** is to be broadly interpreted and includes an individual, a corporation, a partnership, a joint venture, a trust, an association, an unincorporated organization, a Governmental Authority, an executor or administrator or other legal or personal representative, or any other juridical entity;

- (dd) **“Permits”** means all permits, licenses, certificates, approvals, consents, authorizations, registrations or any item with similar effect issued or granted to the Vendor (or the Vendor’s predecessors in title) by any Governmental Authority relating to the construction, development and occupancy of the Property;
- (ee) **“Phase II ESA”** means a commissioned Phase II environmental assessment report prepared with respect to the Property which also sets out the Estimated Remediation Costs and an estimate of the time required to complete the Required Remediation;
- (ff) **“Plans”** means all “as built” plans, specifications and drawings for the Property, including architectural, structural, electrical and mechanical drawings, plans and specifications and related materials;
- (gg) **“Property”** means the Building and the Lands upon which the Building is situated and municipally described as 725 Portage Avenue, Winnipeg, Manitoba;
- (hh) **“Purchase Assets”** means:
 - (i) the Property; and
 - (ii) the right, title and interest of the Vendor in and to the Plans, Reports, Permits and Warranties, if and to the extent assignable;
- (ii) **“Purchase Price”** means the sum of [REDACTED] in Canadian funds, subject to any Adjustments provided for in Section 2.3 hereof;
- (jj) **“Purchaser’s Certificate”** has the meaning given to it in Section 4.3(a) hereof;
- (kk) **“Purchaser’s Closing Conditions”** has the meaning given to it in Section 4.2 hereto;
- (ll) **“Purchaser’s Initial Conditions”** means the conditions for the benefit of the Purchaser set out in Section 4.1 hereto;
- (mm) **“Purchaser’s Solicitors”** means Marrelli & Co, Toronto, Ontario and Thompson Dorfman Sweatman LLP, Winnipeg, Manitoba;
- (nn) **“Receiver’s Certificate”** means a certificate of the Vendor confirming the payment of the Purchase Price, the satisfaction or waiver of the conditions to Closing the completion of the transaction contemplated by this Agreement to the satisfaction of the Receiver, in the form appended to the Vesting Order;
- (oo) **“Reports”** means all reports obtained by the Vendor with respect to the physical condition of or construction of the Property (including, without

limitation, planning matters, environmental reports, architectural and engineering reports, building condition and structural reports; area certificates and governmental reports, including, without limitation, investigations, inspections and soil and/or ground water tests) but excluding appraisals commissioned by the Vendor or the Vendor's lenders;

- (pp) **"Second Deposit"** means the sum of [REDACTED]
- (qq) **"Transaction"** means the purchase and sale of the Purchase Assets pursuant to the terms and conditions as contained in, and as contemplated in, this Agreement;
- (rr) **"Vendor's Certificate"** has the meaning given to it in Section 4.2(a) hereof;
- (ss) **"Vendor's Closing Conditions"** has the meaning given to it in Section 4.3;
- (tt) **"Vendor's Solicitors"** means Pitblado LLP, Winnipeg, Manitoba;
- (uu) **"Vesting Order"** has the meaning given to it in Section 4.4 hereof;
- (vv) **"Warranties"** means all warranties and guarantees obtained by the Vendor or benefitting the Property in respect of the maintenance and/or the existing operation of the Property; and
- (ww) **"Work Order"** means (i) a work order, deficiency notice, order to comply, inspector's order, notice of violation or non-compliance or similar directive or an outstanding building permit, in each case, issued in written or electronic form by a Governmental Authority having jurisdiction with respect to the Property; or (ii) any default or non-compliance under any subdivision, site plan, development or other similar regional or municipal agreement affecting the Property.

1.2 Knowledge

In this Agreement, any reference to the Vendor's knowledge, including, without limitation the phrases **"to the knowledge of the Vendor"** or **"to the Vendor's knowledge"** and other similar phrases, mean, unless otherwise expressly stated, the best knowledge, information and belief of BDO, solely acquired in the ordinary course of BDO's activities as court-appointed receiver, and not in its personal capacity, without any special inquiries.

1.3 Schedules

The following schedules form part of this Agreement:

Schedule 1.1(y)	Lands
Schedule 1.1(bb)	Permitted Encumbrances

ARTICLE 2

AGREEMENT TO PURCHASE AND PURCHASE PRICE

2.1 The Vendor hereby agrees to sell to the Purchaser and the Purchaser hereby agrees to purchase from the Vendor all of the right, title and interest of the Vendor in and to the Purchase Assets for the Purchase Price, as adjusted in the manner set forth in this Agreement, and upon and subject to the other terms and conditions set out herein.

2.2 The Purchase Price shall be payable as follows:

- (a) the sum of [REDACTED] representing the First Deposit, shall be paid by wire transfer to the Vendor's Solicitors, in trust, within two (2) Business Days after the Execution Date;
- (b) the sum of [REDACTED] representing the Second Deposit, shall be paid by wire transfer to the Vendor's Solicitors, in trust, within two (2) Business Days following the waiver of the Purchaser's Initial Conditions or if the Agreement is otherwise not terminated then two (2) Business Days following the expiry of the Purchaser's Initial Conditions; and
- (c) the balance of the Purchase Price shall, subject to the Adjustments provided for herein, be paid and satisfied by wire transfer payable to the Vendor's Solicitors in trust on Closing.

The Deposit shall be credited to the Purchaser in respect of the Purchase Price on Closing. If the Transaction is not completed for any reason other than the default of the Purchaser, the Deposit shall be returned to the Purchaser forthwith without deduction and without interest. In the event the Transaction is not completed solely as a result of the default of the Purchaser, the Deposit shall be paid to the Vendor as liquidated damages in full and final satisfaction of all Claims of the Vendor arising from such default.

2.3 Adjustments

- (a) The Vendor and the Purchaser shall adjust the Purchase Price in respect of the following items:
 - (i) municipal property, school taxes, and any local improvement charges and levies;
 - (ii) utilities accounts;

- (iii) all other items of adjustment contemplated by this Agreement; and
 - (iv) all other items reasonably capable of and, subject to the provisions of this Agreement, properly and usually the subject of adjustment in connection with the ownership, operation and management of the Property (collectively, the “Adjustments”).
- (b) It is agreed by and between the Parties hereto that if the final cost or amount of any item which is to be adjusted under Section 2.3(a) hereof cannot be determined at the Closing, then the initial adjustment for such item made as of the Closing Date shall be estimated by the Vendor on the basis of the best evidence available to it as of the Closing Date. In the absence of agreement by the Parties hereto, acting reasonably, the final determination of any adjustment will be subject to approval of the court.

2.4 Allocation of Closing Date

The Purchaser shall be responsible for and shall be debited with and shall pay all obligations and Adjustments to be paid or payable from and after the Closing Date.

2.5 Utilities

The Vendor agrees to arrange for all metered utilities to be read on the Closing Date and all amounts owing for utilities for any period prior to the Closing Date shall be paid and satisfied by the Vendor as and when due.

2.6 Allocation of Purchase Price

The Purchase Price shall be allocated among the Purchase Assets as follows:

- (a) as to the Lands, the sum of [REDACTED]
- (b) as to the Plans, Reports, Permits and Warranties, the sum of [REDACTED] and
- (b) as to the Building, the balance.

The Purchaser and the Vendor shall agree to execute all documentation and file all income tax and other returns consistent with the agreed upon allocations, both before and after Closing of the Transaction.

2.7 As is, Where is.

The Purchaser acknowledges that except as otherwise provided in Section 4.1(a) hereof the Purchase Assets are being purchased on an “as is, where is” basis and that it will be relying entirely upon its own investigations and inspections as hereinafter described in proceeding with the Transactions contemplated hereunder. Without limiting the foregoing, the Purchaser acknowledges that there are no representations, warranties, terms, conditions, understandings or collateral agreements, express or implied, statutory or otherwise, with respect to the Purchase Assets or in respect of any other matter or thing whatsoever except

as otherwise expressly stated herein. The Purchaser further acknowledges that all written and oral information (including analyses, financial information and projections, compilations and studies) obtained by the Purchaser from the Vendor or any of their directors, officers, employees, professional consultants or advisors with respect to the Purchase Assets or otherwise relating to the Transaction contemplated in this Agreement, has been obtained for the convenience of the Purchaser only and is not warranted to be accurate or complete.

ARTICLE 3 **DELIVERIES AND INSPECTIONS**

3.1 Authorization to Conduct Searches

The Vendor will, upon request, execute and deliver to the Purchaser authorizations that may be sent by the Purchaser or the Purchaser's Solicitors to various Governmental Authorities that authorize them to reveal to the Purchaser's Solicitors all information, if any, on any files they have in respect of the Property, but which shall expressly state that there are not to be any inspections of the Property. Neither the Purchaser nor the Purchaser's Solicitors will request any inspections of the Property by any Governmental Authorities.

3.2 Physical Inspections by the Purchaser and Access

The Purchaser will, until the expiry of the Environmental Condition Date, have the right, from time to time, upon prior notice to the Vendor of at least one (1) Business Day, to enter the Property on any Business Day during the Vendor's regular business hours, at the Purchaser's sole risk and expense, for the purpose of conducting inspections, tests and audits (including environmental inspections) relating to the Property, including, without limitation, soil tests, chemical analysis tests, inspections and tests of the roof and structural soundness of the Building situated on the Property and the operating capability of all building systems serving the Property, provided that the performing of such inspections, tests and audits shall be conducted in a manner that minimizes interference with the use and enjoyment of the Property by the Vendor. The Purchaser hereby agrees to pay all costs of any repairs required to be made to the Property as a result of the aforesaid inspections, tests and audits so that the Property is restored to the condition it was in immediately prior to the inspection, test or audit. The Purchaser agrees to indemnify and save harmless the Vendor from and against any claims, losses, damages, liability and costs the Vendor may suffer or incur by reason of personal injury or death to any person or loss of or damage to property that occurs as a result of the Purchaser's inspections. In the event for any reason the within Transaction fails to close the Purchaser agrees to provide copies of all reports arising from the inspections, tests and audits to the Vendor for its absolute use.

3.3 Public Announcements

Neither Party shall make any public statement or issue any press release concerning the Transaction, except as agreed by the Parties acting reasonably or as may be necessary, in the opinion of counsel to the Party making that disclosure, to comply with the requirements of all Applicable Law. If any public statement or release is so required, the Party making the disclosure shall consult with the other Party before making that statement or release, and the Parties shall use all reasonable efforts, acting in good faith, to agree on a text for the statement or release that is satisfactory to the Parties.

3.4 Disclosure and Consultation in Respect of the Transaction

No Party shall disclose this Agreement or any aspect of the Transaction to any Person except to its board of directors, its senior management, its legal, accounting, financial or other professional advisors, its bankers, any financial institution contacted by it with respect to approvals for the Transaction, and any financial institution, dealer or other financier contacted by it with respect to any financing in connection with the Transaction and counsel to those financial institutions, dealers or financiers, or to the Court or other Governmental Authorities as may be required in order to give full effect to the Transaction, or as otherwise required by any Applicable Law or as agreed by the Parties.

ARTICLE 4 **CONDITIONAL PERIOD AND CLOSING CONDITIONS**

4.1 Initial Conditions – Purchaser

- (a) The Purchaser’s obligation to complete the Transaction provided for in this Agreement shall be conditional unless and until, the Purchaser has either satisfied or waived in writing, in its sole and unfettered discretion, the following conditions (collectively the “**Purchaser’s Initial Conditions**”):
 - (i) on or before the Environmental Condition Date, the Purchaser shall have satisfied itself, in its sole and absolute discretion, with respect to the environmental status of the Property and any costs associated with any required remediation; and
 - (ii) on or before the Due Diligence Date, the Purchaser shall have conducted such physical and documentary examinations as it may in its sole discretion deem necessary or desirable with respect to the Property, including, without limitation, as to (i) the title to the Property, (ii) the existence of outstanding municipal work orders, deficiency notices, orders, directives, orders of non-compliance or other requirements in connection with the Property, and (iii) the present use of the Property being in compliance with permitted by-laws and regulations.
- (b) In the event the Purchaser waives the Purchaser’s Initial Condition set out in Section 4.1(a)(i) hereof, and subject to Closing, the following provisions shall apply:
 - (i) the Vendor will be responsible for obtaining the Phase II ESA, at its own cost; the Phase II ESA will be addressed to both the Vendor and the Purchaser;
 - (ii) on Closing, an amount equal to the lesser of (i) the Estimated Remediation Costs and (ii) the sum of [REDACTED] (the “**Environmental Holdback**”), shall be held back by the Vendor and will be utilized to fund payment of the Remediation Costs;

- (iii) within a reasonable period of time following Closing and in any event not to exceed the period of time that will be required to complete the Required Remediation as determined by the Environmental Consultant, plus one (1) year, (the “**Remediation Completion Date**”), the Purchaser will instruct the Environmental Consultant to complete the remediation described in the Phase II ESA (the “**Required Remediation**”);
 - (iv) the costs of the Required Remediation payable to arm’s length third parties shall be paid from the Environmental Holdback, provided that to the extent the costs of the Required Remediation are greater than the Environmental Holdback, the excess amount shall be payable solely by the Purchaser;
 - (v) each Party shall provide to the other copies of all reports, invoices, correspondence, accounting and other information reasonably requested by the other in respect of the Required Remediation;
 - (vi) upon completion of the Required Remediation the Purchaser shall provide to the Vendor, at the Purchaser’s sole cost, a remediation report prepared by the Environmental Consultant (the “**Remediation Report**”) confirming that the Required Remediation has been completed and that the Property is in compliance with all applicable environmental laws; and
 - (vii) in the event the final costs of the Required Remediation are less than the Environmental Holdback, the remaining amount of the Environmental Holdback will be immediately paid to the Vendor upon delivery of the Remediation Report, and, in any event, any portion of the Environmental Holdback not disbursed on account of the costs of the Required Remediation by the Remediation Completion Date will be returned to the Vendor, and the Vendor shall be released from all further obligations regarding the Required Remediation.
- (c) The Purchaser shall provide Notice to the Vendor:
- (i) prior to the Environmental Condition Date as to whether or not any or all of the Purchaser’s due diligence conditions as described in Section 4.1(a)(i) has been satisfied, fulfilled or waived; and
 - (ii) prior to the expiry of the Due Diligence Date as to whether or not any or all of the Purchaser’s due diligence condition as described in Section 4.1(a)(ii) has been satisfied, fulfilled or waived.

In the event that the Purchaser does not confirm that all of the Purchaser’s Initial Conditions are satisfied, fulfilled or waived, within the time periods specified in this Section 4.1(c), then this Agreement shall become null and void and the Deposit shall be returned to the Purchaser without interest and without deduction, and each of the Parties shall, except with respect to its

obligations under Sections 3.2, 3.3 and 3.4 hereof, be released from all of its obligations hereunder. The Parties agree that the Purchaser's Initial Conditions have been included for the sole and exclusive benefit of the Purchaser and, notwithstanding that any such Purchaser's Initial Condition may be a true condition precedent, the Purchaser may waive any or all of the Purchaser's Initial Conditions in whole or in part at any time prior to the expiry of the Due Diligence Date (or the Environmental Condition Date, as applicable) without prejudice to any of its rights of termination in the event of non-performance in whole or in part of any other condition for its benefit.

4.2 Closing Conditions of the Purchaser

The completion of the Transaction is subject to the following terms and conditions, which conditions are for the exclusive benefit of the Purchaser, are to be fulfilled and/or performed at or prior to the Closing Date and may be waived by the Purchaser only (the "**Purchaser's Closing Conditions**"):

- (a) the representations and warranties of the Vendor contained in this Agreement and the schedules hereto shall be, in all material respects, true and correct at Closing with the same force and effect as if such representations and warranties were made at and as of such time and the Vendor shall deliver to the Purchaser on Closing a certificate to that effect (the "**Vendor's Certificate**");
- (b) all of the terms, covenants and conditions of this Agreement to be complied with or performed by the Vendor at or before the Closing Date shall have been complied with or performed;
- (c) no legal or regulatory action or proceeding shall be pending or threatened by any Person to enjoin, restrict or prohibit the completion of the Transaction; and
- (d) the Vendor shall have delivered all of the Closing Documents listed in Section 7.2 hereof and shall have complied with all of its other covenants and obligations under this Agreement.

If any of the Purchaser's Closing Conditions described in this Section 4.2 shall not have been fulfilled and performed at or prior to Closing and the Purchaser has given Notice thereof to the Vendor, the Purchaser may terminate this Agreement by Notice to the Vendor and in such event the Deposit shall be returned to the Purchaser without interest and without deduction and the Purchaser shall, except with respect to its obligations under Section 3.2, 3.3 and 3.4 hereof, be released from all of its obligations hereunder. The Parties agree that the Purchaser's Closing Conditions have been included for the sole and exclusive benefit of the Purchaser and, notwithstanding that any such Purchaser's Closing Conditions may be a true condition precedent, the Purchaser shall be entitled to waive or with the consent of the Vendor extend the date for compliance with any such Purchaser's Closing Conditions in whole or in part if it sees fit without prejudice to any of its rights of termination in the event of non-performance in whole or in part of any other condition for its benefit.

4.3 Closing Conditions of the Vendor

The Transaction is subject to the following terms and conditions, which conditions are for the exclusive benefit of the Vendor, are to be fulfilled and/or performed at or prior to the Closing Date and may be waived by the Vendor only (the “**Vendor’s Closing Conditions**”):

- (a) the representations and warranties of the Purchaser contained in this Agreement and the schedules hereto shall be, in all material respects, true and correct at Closing with the same force and effect as if such representations and warranties were made at and as of such time and the Purchaser shall deliver to the Vendor on Closing a certificate to that effect (the “**Purchaser’s Certificate**”);
- (b) all of the terms, covenants and conditions of this Agreement to be complied with or performed by the Purchaser at or before the Closing Date shall have been complied with or performed;
- (c) no legal or regulatory action or proceeding shall be pending or threatened by any Person to enjoin, restrict or prohibit the completion of the Transaction; and
- (d) the Purchaser shall have delivered all of the Closing Documents listed in Section 7.3 hereof and shall have complied with all of its other covenants and obligations under this Agreement.

If any of the Vendor’s Closing Conditions shall not have been fulfilled and performed at or prior to Closing and the Vendor has given Notice thereof to the Purchaser, the Vendor may terminate this Agreement by Notice to the Purchaser and in such event the Deposit shall be paid in the manner set out in Section 2.2 hereof and the Parties shall, except with respect their respective obligations under Sections 3.2, 3.3 and 3.4 hereof, be released from all of their obligations hereunder; provided, however, that the Parties agree that the Vendor’s Closing Conditions have been included for the sole and exclusive benefit of the Vendor and, notwithstanding that any such Vendor’s Closing Conditions may be a true condition precedent, the Vendor shall be entitled to waive or with the consent of the Purchaser extend the date for compliance with any such Vendor’s Closing Conditions in whole or in part if it sees fit without prejudice to any of its rights of termination in the event of non-performance in whole or in part of any other condition for its benefit.

4.4 Condition for the Benefit of the Vendor and the Purchaser

Neither party shall be obligated to complete the Transaction unless prior to the Closing Date the Vendor has obtained an order of the Court (the “**Vesting Order**”), in form and substance acceptable to both the Vendor and the Purchaser, acting reasonably, which vests in the Purchaser all of the right, title and interest of the Vendor and Kromar in and to the Property, free and clear of all Encumbrances and other interests in the Property, other than Permitted Encumbrances.

4.5 Best Efforts to Satisfy Conditions

Each of the Parties covenant and agree that they shall utilize their continuing best efforts to ensure that each of the conditions set out in Sections 4.1, 4.2, 4.3 and 4.4 to be fulfilled by that Party (and in the control of such Party), respectively, hereof are satisfied (if the circumstances warrant) on or before the expiry of such condition or the Closing Date (as applicable).

ARTICLE 5

REPRESENTATIONS, WARRANTIES, COVENANTS AND INDEMNITIES

5.1 Vendor's Representations and Warranties

The Vendor hereby represents, warrants or covenants, as applicable, to and in favour of the Purchaser (which representations, warranties and covenants are relied upon by the Purchaser and without which representations, warranties and covenants the Purchaser would not have executed this Agreement) that:

- (a) the Vendor is duly existing and in good standing under the laws of the Province of Manitoba.
- (b) the Vendor has the necessary authority, power and capacity to enter into and deliver this Agreement and to perform its obligations, and, subject to the issuance of the Vesting Order, to consummate the Transaction, under this Agreement and the agreements contemplated herein on the terms and conditions herein contained;
- (c) this Agreement and the performance of the obligations of the Vendor hereunder, and the Closing Documents required to be delivered by the Vendor hereunder shall upon delivery by the Vendor constitute legal, valid and binding obligations of the Vendor enforceable against the Vendor in accordance with their terms;
- (d) subject to the issuance of the Vesting Order, no authorization, consent or approval of, or filing with or notice to, any Governmental Authority or other person is required by the Vendor in connection with the execution, delivery or performance of this Agreement and the Closing Documents or the completion of the Transaction;
- (e) the Vendor is not a non-resident of Canada for the purposes of Section 116 of the *Income Tax Act* (Canada); and
- (f) the Vendor has not entered into any service contract, maintenance contract, management contract or any other contract relating to the use, operation, maintenance and/or management of the Property which the Purchaser would be required to assume on the Closing Date.

5.2 Purchaser's Representations and Warranties

The Purchaser hereby represents, warrants or covenants, as applicable, to and in

favour of the Vendor (which representations, warranties and covenants are relied upon by the Vendor and without which representations, warranties and covenants the Vendor would not have executed this Agreement) that:

- (a) the Purchaser is validly subsisting and is in good standing under the laws of the Province of Ontario and is properly registered to own property and conduct business in each province or jurisdiction where it conducts business or owns any assets;
- (b) the Purchaser has the necessary corporate authority, power and capacity to enter into this Agreement and to perform its obligations under this Agreement and the agreements contemplated herein on the terms and conditions herein contained;
- (c) this Agreement and the performance of the obligations of the Purchaser hereunder and the Closing Documents required to be delivered by the Vendor hereunder shall upon delivery by the Vendor constitute legal, valid and binding obligations of the Purchaser enforceable against the Purchaser in accordance with their terms; and
- (d) the Purchaser is not a party to or bound by any agreement which would be breached by, or under which default would occur as a result of the execution and delivery of this Agreement and the performance by the Purchaser of its obligations under this Agreement.

5.3 Survival of Representations, Warranties, Covenants and Indemnities

The representations and warranties of the Parties, respectively, contained in this Agreement and in any contract, agreement, instrument, certificate or other document executed or delivered pursuant to this Agreement, shall merge on completion of Closing and thereafter be of no force or effect.

ARTICLE 6 INTERIM MATTERS

6.1 Interim Period

From the Execution Date until Closing, the Vendor shall maintain the Property in a manner which is consistent with a reasonably prudent owner of like property, including any repairs of any damage caused after the Execution Date and prior to the Closing Date that are not material damage (as such term is defined in Section 6.3).

6.2 Insurance

During the Interim Period, the Vendor shall maintain policies of insurance in current amounts and coverages covering the Property in a manner which is consistent with its past practices.

6.3 Damage or Destruction

- (a) The Property shall remain at the risk of the Vendor until Closing. Pending Closing, the Vendor shall hold all insurance policies relating to the Property and the proceeds thereof relating to the Property in trust for the Parties as their interest may appear. In the event of any material damage to (which for the purpose hereof, means damage resulting in repair costs of [REDACTED] or more) or destruction of, the Property, then the Vendor shall promptly give Notice to the Purchaser of such damage or destruction, and the Purchaser may elect:
- (i) to terminate this Agreement, and in such event, this Agreement shall become null and void, the Deposit shall be returned to the Purchaser forthwith without any deduction, subject only to the obligations of a Party pursuant to Sections 3.2, 3.3 and 3.4 hereof, and neither Party shall have any further obligations to the other hereunder subject only to such Sections; or
 - (ii) to complete the Transaction contemplated herein and accept the Property at Closing in its damaged condition, in which event the insurance proceeds payable in respect of such damage shall be paid to the Purchaser and the Purchase Price shall be reduced by an amount equal to the deductible, if any, applicable to the insurance payable in respect of such damage.
- (b) The Purchaser shall be required to make its election within fifteen (15) days after receipt from the Vendor of Notice of the material damage or destruction. In the event that the Purchaser does not make its election within such period, it shall be deemed to have elected to accept the Property in its damaged condition, and clause (ii) above shall apply.

ARTICLE 7 **CLOSING MATTERS**

7.1 Closing Arrangements

Subject to Section 7.4, the Closing shall take place on the Closing Date by the exchange of documents and funds before 5:00 p.m.

7.2 Vendor's Documents

The Vendor shall deliver or cause to be delivered to the Purchaser on Closing, in form and substance satisfactory to the Purchaser, acting reasonably, the following, duly executed by the Vendor as appropriate:

- (a) the statement reflecting the Adjustments;
- (b) a court-certified copy of the Vesting Order;
- (c) a statutory declaration of a senior officer of the Vendor confirming that the Vendor is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada);

- (d) the Assignment of Plans, Reports, Permits and Warranties;
- (e) the Vendor's Certificate;
- (f) vacant possession of the Property; and
- (g) all other conveyances and other documents which are required and which the Purchaser has reasonably requested to give effect to the proper transfer, assignment and conveyance of the Purchase Assets by the Vendor to the Purchaser.

7.3 Purchaser's Documents

The Purchaser shall on Closing deliver or cause to be delivered to the Vendor, in form and substance satisfactory to the Vendor, acting reasonably, the following duly executed by the Purchaser as appropriate:

- (a) the Assignment of Plans, Reports, Permits and Warranties;
- (b) the registration number of the Purchaser for purposes of GST and a copy of the certificate of registration of the Purchaser;
- (c) the Declaration and Indemnity;
- (d) the Purchaser's Certificate;
- (e) the Purchase Price or evidence of transmission of the Purchase Price; and
- (f) all other documents which are required and which the Vendor have reasonably requested to give effect to the Transaction contemplated herein.

7.4 Closing in Escrow

All Closing Documents delivered pursuant to Sections 7.2 and 7.3 shall be delivered and held in escrow, until the Vendor has delivered to the Purchaser a court-certified copy of the Receiver's Certificate, which the Vendor undertakes to file with the Court forthwith upon satisfaction (or waiver by the Vendor) of the Vendor's Closing Conditions.

7.5 GST Indemnity

The Parties agree that the Purchase Price does not include any GST in connection with the sale of the Purchase Assets herein provided and that the Purchaser shall assess itself for such tax and shall remit any such tax to the appropriate Governmental Authorities as and when due. The Purchaser shall indemnify and save harmless the Vendor from and against any and all taxes, interest and penalty the Vendor may suffer or incur by reason of the Vendor's failure to collect goods and services tax and shall provide to the Vendor on Closing a Declaration and Indemnity in form and content satisfactory to the Vendor's Solicitors, acting reasonably (the "**Declaration and Indemnity**").

7.6 Purchaser's Acknowledgements

The Purchaser acknowledges and agrees that:

- (a) the Vendor shall be under no obligation to apply for the Vesting Order until such time as the Deposits are fully paid and the Vendor has received Notice from the Purchaser that the Purchaser's Initial Conditions are satisfied (or waived by the Purchaser);
- (b) the Vendor shall be under no obligation to deliver the Receiver's Certificate until all of the Vendor's Closing Conditions have been satisfied (or have been waived by the Vendor);
- (c) on Closing, the Purchaser shall assume all costs and responsibilities for the outstanding City Order to Mitigate Unsafe Condition;
- (d) the Vendor shall remove or cause to be removed from the Property, at any time prior to the Closing Date, and without adjustment to the Purchase Price, but at the Vendor's sole cost and expense, any and all personal property, equipment and trade fixtures pertaining to the commercial printing business heretofore carried on by Kromar and shall exercise commercially reasonable efforts to ensure the removal of the foregoing personal property, equipment and trade fixtures is completed in a way to minimize damage to the Property; and
- (e) BDO is acting solely in its capacity as court-appointed receiver of the property, assets and undertaking of Kromar, and as such its liability as a consequence of this Agreement or anything done by it pursuant hereto shall be in its capacity as receiver only, and it shall have no personal liability.

7.7 Commissions

The Vendor shall pay and be responsible for the 3% commission payable to CW Stevenson Inc. with respect to the Transaction.

ARTICLE 8 **GENERAL**

8.1 Gender and Number

Words importing the singular include the plural and vice versa. Words importing gender include all genders.

8.2 Captions

The captions and headings contained herein are for reference only and in no way affect this Agreement or its interpretation.

8.3 Obligations as Covenants

Each agreement and obligation of each Party hereto in this Agreement, even though not expressed as a covenant, shall be considered for all purposes to be a covenant.

8.4 Applicable Law and Attornment

This Agreement shall be construed and enforced in accordance with the laws of the Province of Manitoba and the laws of Canada applicable thereto without reference to the principles of conflicts of law. The parties hereto hereby irrevocably attorn to the exclusive jurisdiction of the Courts of Manitoba in all matters pertaining to or arising from this Agreement.

8.5 Currency

All references to currency in this Agreement shall be deemed to be references to Canadian dollars.

8.6 Amendment of Agreement

No supplement, modification or waiver of this Agreement shall be binding unless executed in writing by both Parties hereto.

8.7 Time of the Essence

Time shall be of the essence of this Agreement. All reference to time in this Agreement shall be to Winnipeg time.

8.8 Further Assurances

Each of the Parties hereto shall from time to time hereafter and upon any reasonable request of the other, execute and deliver, make or cause to be made all such further acts, deeds, assurances and things as may be required or necessary to more effectually implement and carry out the true intent and meaning of this Agreement.

8.9 Entire Agreement

This Agreement and the Closing Documents constitutes the entire agreement between the Parties hereto pertaining to the Transaction provided for herein and supersedes all prior agreements, letters of intent, understandings, negotiations and discussions, whether oral or written, with respect thereto, and there are no other warranties or representations and no other agreements between the Parties hereto in connection with the Transaction provided for herein except as specifically set forth in this Agreement.

8.10 Waiver

No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision (whether or not similar) nor shall any waiver constitute a continuing waiver unless otherwise expressed or provided.

8.11 Survival After Termination

Notwithstanding the termination of this Agreement for any reason, the provisions of Sections 3.2, 3.3 and 3.4 shall continue to be applicable.

8.12 Successors and Assigns

All of the covenants and agreements in this Agreement shall enure to the benefit of and be binding upon the Parties hereto and their respective successors and permitted assigns.

8.13 Assignment

The Purchaser may not assign this Agreement, or its interest under this Agreement, without the prior written consent of the Vendor, which consent shall not be unreasonably withheld. Despite the foregoing, the Purchaser may not under any circumstances assign this Agreement after the Due Diligence Date. No assignment shall relieve the assigning party of any of its obligations hereunder.

8.14 Notice

Any notice, demand, approval, consent, information, agreement, offer, payment, request or other communication (hereinafter referred to as a “**Notice**”) to be given under or in connection with this Agreement shall be in writing and shall be given by personal delivery or by facsimile or other electronic communication which results in a written or printed notice being given, addressed or sent as set out below or to such other address or electronic number as may from time to time be the subject of a Notice:

Vendor:	201 Portage Avenue, 26th Floor Winnipeg, Manitoba, R3B 3K6
	Attention: John Fritz Email: jfritz@bdo.ca
with a copy to:	E. Scott Ransom Email: ransom@pitblado.com
Purchaser:	c/o 100 Canadian Road Toronto, Ontario M1R 4Z5
	Attention: Michael Foy Email: michaelgfoy@gmail.com
with a copy to:	Marrelli & Co 100 Canadian Road Toronto, Ontario M1R 4Z5
	Attention: James Marrelli Email: james@marrelli.on.ca


Any Notice so given shall be deemed to have been validly and effectively given and received on the date it is so given, unless it is given after 4:00 p.m. (Winnipeg, MB time) on any given day, in which case it shall be deemed to have been validly and effectively given and received on the Business Day next following the day it was received, provided that in the case of a Notice sent by facsimile or other electronic communication, it shall not be deemed to have been given and received unless there has been confirmation of transmission.

8.15 Non Business Days

If the Closing Date or if the last date for any term or condition of this Agreement to be performed, or complied with or waived shall fall on a day which is not a Business Day, then the Closing Date or the said last date shall be deemed to be the Business Day next following the scheduled date.

DATED as of the day and year first above written.

**BDO CANADA LIMITED, in its
capacity as Court-appointed
receiver of KROMAR PRINTING
LTD.**

Per: 
Name: Brent Warga, CPA, CA, CIRP, LIT
Title: Senior Vice-President
I have authority to bind the corporation

NAWOC HOLDINGS LTD.

Per: _____
Name: Michael Foy
Title: Director
I have authority to bind the corporation

Any Notice so given shall be deemed to have been validly and effectively given and received on the date it is so given, unless it is given after 4:00 p.m. (Winnipeg, MB time) on any given day, in which case it shall be deemed to have been validly and effectively given and received on the Business Day next following the day it was received, provided that in the case of a Notice sent by facsimile or other electronic communication, it shall not be deemed to have been given and received unless there has been confirmation of transmission.

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DATED as of the day and year first above written.

**BDO CANADA LIMITED, in its
capacity as Court-appointed
receiver of KROMAR PRINTING
LTD.**

Per: _____
Name:
Title:
I have authority to bind the corporation

NAWOC HOLDINGS LTD.

Per: 
Name: Michael Foy
Title: Director

I have authority to bind the corporation

SCHEDULE "1.1(y)"

LANDS

725 Portage Avenue, Winnipeg MB

Title Number: 1363513/1

LOTS 1-21 PLAN 114 WLTO (W DIV) PARISH OF ST JAMES EXC OUT OF SAID LOT 7 TO 21, THE ELY 8 FEET AND EXC OUT OF SAID LOT 6 ALL THAT PORTION OF THE MOST ELY 8 FEET WHICH LIES TO THE NORTH OF A LINE DRAWN SOUTH OF PARALLEL WITH AND PERP DISTANT 16.5 FEET FROM THE NORTHERN LIMIT OF LOT 1 PLAN 171 WLTO (W DIV) IN SAID PARISH

SCHEDULE “1.1(bb)”

PERMITTED ENCUMBRANCES

PART I – GENERAL

- A. Liens, charges or prior claims for municipal property taxes, local improvement assessments or taxes, or other taxes, assessments or recoveries relating to the Lands which are not at the time due;
- B. All reservations, limitations, provisos and conditions expressed in the original grant from the Crown;
- C. Defects, if any, which are or would be disclosed by a proper and up-to-date survey;
- D. Any registered or unregistered servitudes, licenses, easements, rights-of-way, rights in the nature of easements and agreements with respect thereto which relate to the provisions of utilities or services to the Lands (including, without limitation, agreements, easements, licenses, rights-of-way and interests in the nature of easements for sidewalks, public ways, sewers, drains, gas, steam and water mains or electric light and power, or telephone and telegraphic conduits, poles, wires and cables);
- E. Minor title defects being defects or irregularities in title to the Lands, which are of a minor nature and in the aggregate will not materially adversely impair the use or marketability of the Lands or that part of the Lands affected by the defect or irregularity; and
- F. Any lien, encumbrance, charge or claim arising through or under or by reason of any Permitted Encumbrances.

PART II – SPECIFIC ENCUMBRANCES

Caveat 5488862/1

From/By The City of Winnipeg

Appendix H – First Addendum to the Asset Purchase Agreement (Redacted)

AMENDING AGREEMENT AND WAIVER

THIS AGREEMENT dated as of the 5th day of February, 2025

BETWEEN:

**BDO CANADA LIMITED (“BDO”), solely in its capacity as
Court-appointed receiver of KROMAR PRINTING LTD. ,**

(hereinafter called the “Vendor”)

OF THE FIRST PART

- and -

NAWOC HOLDINGS LTD.
a corporation existing
under the laws of the Province of Ontario

(hereinafter called the “Purchaser”)

OF THE SECOND PART

WHEREAS:

- A. Pursuant to an Order issued by the Court of King’s Bench for Manitoba on November 30, 2023 under Court File Number KB No. CI23-01-43791 (the “**Receivership Order**”), the receiver was authorized to borrow up to \$500,000, on the security of the Property (the “**Original Receiver’s Borrowing Charge**”);
- B. The Parties hereto have entered into a purchase agreement dated July 11, 2024 (the “**Purchase Agreement**”) with respect to the purchase by the Purchaser from the Vendor of the real property municipally known as 725 Portage Avenue, Winnipeg, Manitoba (the “**Property**”).
- C. BDO intends to make application to amend the Receivership Order to increase the Original Receiver’s Borrowing Charge to an amount not exceeding Eight Hundred Thousand (\$800,000.00) Dollars (the “**Increased Receiver’s Borrowing Charge**”);
- D. Subject to, and conditional upon, the Court’s approval of the Increased Receiver’s Borrowing Charge, the Vendor and the Purchaser have agreed to amend the Purchase Agreement as herein expressly provided.

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT in consideration of the premises and of the mutual covenants and agreements hereinafter contained, and other good and valuable consideration, the Parties hereto agree as follows:

- 1. All capitalized terms that are not expressly defined herein shall have the meanings ascribed to them in the Purchase Agreement.
- 2. The Vendor agrees to rectify all of the following deficiencies on or before Closing at its sole cost and expense and agrees to provide a clear inspection report, or other reasonable evidence in writing, from Inspection and Technical Services confirming that all of such deficiencies have been rectified:
 - a. 1274 – Passenger Elevator: A log pertaining to all maintenance activities shall be maintained on site at all times by the maintenance contractor;

- b. 1275 – Freight Elevator:
- i. Elevator pits shall be kept clean and free of debris at all times; and
 - ii. Manually operated vertically sliding biparting entrances shall be provided with pull straps on the inside and outside of the door.
 3. On about November 1, 2024, the Vendor engaged the services of TK Elevator (Canada) Limited (“**TK Elevator**”) for the purposes making repairs to the passenger elevator on the Property (the “**Elevator Repairs**”). Attached hereto as Schedule “A” is a copy of invoice #1000116522 addressed to “Kromar Printing” by TK Elevators and relating to the Elevator Repairs.
 4. Upon execution of this Amending Agreement and Waiver, the Purchaser will pay and remit to Vendor’s Solicitors in trust a supplementary deposit of [REDACTED] which will be added to and form part of the First Deposit.
 5. The Purchaser hereby authorizes the Vendor to utilize up to the whole of the First Deposit [REDACTED] to fund the completion of the heating system installation described in Customer Quotation No. 402 issued by Clean Energy Electrical Group Ltd. (“**Clean Energy**”), a copy of which is attached hereto as Schedule “B” (the “**Heating System Installation**”).
 6. The Second Deposit shall be reduced to [REDACTED].
 7. Access Property Development Inc. (“**APD**”) will coordinate and supervise all of the work being undertaken by Clean Energy and shall receive from the Purchaser a project management fee equal to five (5%) percent (plus taxes) of the total cost of the Heating System Installation undertaken by Clean Energy (the “**Project Management Costs**”) all of which shall be reflected as a credit to the Purchaser on the Statement of Adjustments to be finalized on and as of Closing.
 8. Provided the Heating System Installation and the Project Management Cost have been paid for in full by the Vendor from the First Deposit and Closing occurs:
 - (a) the Purchaser shall receive as a credit on the Closing Statement of Adjustments, the full amount of the First Deposit and the Second Deposit; and
 - (b) the Vendor shall receive a credit by way of increase to the Purchase Price of the amount expended by the Vendor for the Heating System Installation and the Project Management Costs, less the sum of [REDACTED].
 9. In the event the Purchaser’s Initial Conditions set out in Section 4.1(a)(i) of the Purchase Agreement are not either satisfied or waived by the Purchaser, the Vendor shall forthwith pay and remit to the Purchaser, an amount equal to the total amount of the First Deposit [REDACTED] plus the Project Management Costs payable to APD. If the Vendor has no other funds available to do so, it will borrow such funds as are necessary pursuant to the Increased Receiver’s Borrowing Charge in order to fund any required repayment of the First Deposit and the Project Management Costs. The Vendor represents and warrants that Business Development Bank Canada has approved of the terms of this Amending Agreement and Waiver.
 10. The Vendor will not be required to rectify (i) Object No. P23326, (ii) Object No. B-5048 or (iii) Object No. B-5049 – Pressure Vessel: The pressure relief device has reached its maximum service interval and will need to be replaced.

11. The Purchaser hereby waives all of the Purchaser's Initial Conditions set out in Section 4.1(a)(ii) of the Purchase Agreement.
12. Notwithstanding Section 2.3 of the Purchase Agreement, no adjustments to the Purchase Price will be made as between the Vendor and the Purchaser with respect to items referred to in Subsection 2.3(a)(i) which are otherwise satisfied, waived or determined pursuant to the terms of the Vesting Order.
13. The definition of "Closing Date" as contained at Section 1.1(k) of the Purchase Agreement is hereby deleted and replaced with the following:

 “(k) **“Closing Date”** means the later of: (i) the twentieth (20th) day following the date on which the Vesting Order is obtained, and (ii) the twentieth (20th) day following the satisfaction or waiver by the Purchaser of its conditions set out in Section 4.1(a)(i), or such other date as the Vendor and the Purchaser may mutually agree upon in writing;”
14. The Parties agree that the Purchase Agreement is in full force and effect and constitutes a legally valid and binding obligation of the Parties in accordance with its terms, as amended by the express term of this Amending Agreement and Waiver.
15. This Amending Agreement and Waiver shall enure to the benefit of and be binding upon the Parties hereto and their respective successors and permitted assign.
16. This Amending Agreement and Waiver may be signed in counterparts and each of such counterparts shall constitute an original document and such counterparts, taken together, shall constitute one and the same instrument.
17. This Amending Agreement and waiver may be executed by facsimile or PDF electronic transmission and each such signature shall be legally valid and binding on the parties hereto to the same extent as if it were an original signature.
18. This Amending Agreement will be interpreted and enforced in accordance with the laws of the Province of Manitoba and the laws of Canada applicable in the Province of Manitoba.

[signature page as follows]

IN WITNESS WHEREOF the parties hereto have caused this Amending Agreement and Waiver to be executed and delivered as of the day and year first above written.

**BDO CANADA LIMITED, in its capacity as
Court-appointed receiver of KROMAR
PRINTING LTD.**

Per: *B. Warga*
Name: Brent Warga, CPA, CA, CIRP, LIT
Title: Senior Vice-President

I have authority to bind the corporation

NAWOC HOLDINGS LTD.

Per: _____
Name: Michael Foy
Title: Director

I have authority to bind the corporation

SCHEDULE "A"
See attached



TK Elevator (Canada) Limited
 2075 Kennedy Road, Suite 600
 Scarborough, ON, M1T 3V3
 Phone : (416) 291-2000 Fax : (416) 291-3631
 Toll Free: 1-800-233-5757

INVOICE # 1000116522

INVOICE DATE : NOVEMBER 21, 2024
 CUSTOMER # : N-014207-001-001
 CUSTOMER PO # :
 CONTRACT # :
 TERMS : 30 Days Net
 TKE REF # : 271473

BILL TO:
 KROMAR PRINTING
 725 PORTAGE AVE,
 WINNIPEG, MB, R3G 0M8 CANADA

AMOUNT DUE: **\$4,827.01**

PROJECT : A953896 - 725 PORTAGE AVE
 725 PORTAGE AVE
 WINNIPEG, MB, R3G 0M8 CANADA

BUILDING NAME/ADDRESS (SHIP TO)	UNIT	DESCRIPTION	QUANTITY	UNIT PRICE	EXTENDED AMOUNT
725 PORTAGE AVE WINNIPEG, MB, R3G 0M8 CANADA	A953896	FINAL,	1	\$4597.15	\$4,597.15
SUBTOTAL					\$4,597.15

CA GST \$229.86
 CA PST \$0.00

TOTAL \$4,827.01

FOR INVOICE INQUIRES CONTACT VANIA.MONIZ@THYSSENKRUPP.COM (204) 697-0700 ext. 1700

GST/TPS/HST REGISTRATION # 103923538RT0001. TVQ # 1016345900TQ0001 RBQ# 3182-1879-85 BC PST# 10013812
 SK PST #5290671 MB PST # 103923538MT0002

Please detach and return stub with your payment



How to pay your bill

*By Electronic Fund transfer or Pre-Authorized Payment, Please email payment advice to ar.remittances@tkelevator.com.
 **By Online/Telephone Banking, using customer # as your account #, Please email payment detail to ar.remittances@tkelevator.com

***By cheque, payable to TK Elevator (Canada) Limited, along with this stub

REMIT PAYMENT TO :

TK Elevator (Canada) Limited
 c/o TH1320 C/U
 PO Box 4290
 Postal Station A
 Toronto ON M5W 0E1

INVOICE DATE : NOVEMBER 21, 2024
 CUSTOMER # : N-014207-001-001
 CUSTOMER PO # :
 CONTRACT # :

TKE REF # : 271473
 INVOICE # : 1000116522
 AMOUNT DUE : \$4,827.01

PAYMENT

APPLICATION AND CERTIFICATE FOR PAYMENT FOLLOWS FORM

N-014207
 KROMAR PRINTING
 725 PORTAGE AVE
 WINNIPEG, MB R3G 0M8

PROJECT: A953896 - 725 PORTAGE AVE
 LOCATION: 725 PORTAGE AVE
 WINNIPEG, MB
 THE PROJECT NUMBER: 271473

APPLICATION NO: 2
 APPLICATION DATE: 21-NOV-2024

Distributed To:
 OWNER
 ARCHITECT
 CONTRACTOR
 FIELD
 OTHER

CUSTOMER PURCHASE ORDER:
 CONTRACTOR JOB NUMBER:
 SUBCONTRACTOR NUMBER:

PERIOD FROM: 01-NOV-2024
 PERIOD TO: 30-NOV-2024
 CONTRACT FOR: ELEVATOR WORK
 CONTRACT DATE:

Description: A953896 - WORK ON DOWN ELEVATOR

SUBCONTRACTORS APPLICATION FOR PAYMENT

CERTIFICATION, AFFIDAVIT AND WAIVER OF LIEN

Application is made for Payment, as shown below, in connection with the Contract:
 Continuation Sheet is attached.

1. ORIGINAL CONTRACT SUM \$ 9,194.31

2. NET CHANGE BY CHANGE ORDERS \$ 0.00

3. SALES TAX (if applicable) [5.00%] \$ 459.72
 ((line 1 + line 2) * tax rate)

4. SUBCONTRACT SUM TO DATE (line 1 +/- line 2 and line 3) \$ 9,654.03

5. TOTAL COMPLETED & STORED TO DATE \$ 9,194.31

6. SALES TAX TO DATE (if applicable) \$ 459.72

7. RETAINAGE:
 TOTAL RETAINAGE (Total in Column J) \$ 0.00

8. TOTAL EARNED LESS RETAINAGE \$ 9,654.03
 (line 5 plus line 6 less line 7)

9. LESS: CERTIFICATES FOR PAYMENT \$ 4,827.02
 (line 8 from prior Certificates)

10. CURRENT PAYMENT DUE \$ 4,827.01

11. BALANCE TO FINISH, PLUS RETAINAGE \$ 0.00
 (line 4 less line 8 excluding tax if applicable)

CHANGE ORDER SUMMARY	ADDITIONS	DEDUCTIONS
Total Changes approved by Owner	0.00	0.00
NET CHANGES by Change Order	0.00	0.00

The undersigned SubContractor certifies that to the best of the SubContractor's knowledge, information and belief, the Work covered by this Application for Payment has been completed in accordance with the Contract Documents, that all amounts have been paid by the SubContractor for Work for which previous Certificates for Payment were issued and payments received from the Owner, and that current payment shown herein is now due.

SubContractor: TK Elevator (Canada) Limited

BY: NICOLE BROOKS DATE: 21-NOV-2024

Province of: MB City of: WINNIPEG

Subscribed and sworn to before me this date: 21-NOV-2024
 Notary Public:
 My Commission Expires on:
PAYMENT CERTIFIERS CERTIFICATE FOR PAYMENT (if applicable)

In accordance with the Contract Documents, based on on-site observations and the data comprising this application, the Architect certifies to the Owner that to the best of the Architect's knowledge, information and belief the Work has progressed as indicated, the quality of the Work is in accordance with the Contract Documents, and the SubContractor is entitled to payment of the Amount Certified.

AMOUNT CERTIFIED
 (Attach explanation if amount certified differs from the amount applied for) \$ _____

ARCHITECT:
 By: _____ Date: _____

This Certificate is not negotiable. The AMOUNT CERTIFIED is payable only to the SubContractor named herein. Issuance, payment and acceptance of payment are without prejudice to any rights of the Owner, Contractor or SubContractor under this Contract.

CONTINUATION SHEET

APPLICATION AND CERTIFICATE FOR PAYMENT, CONTAINING
SUBCONTRACTORS SIGNED CERTIFICATION IS ATTACHED.

PROJECT NAME : A953896 - 725 PORTAGE AVE
THE PROJECT NUMBER : 271473

APPLICATION NO : 2
APPLICATION DATE : 21-NOV-2024
PERIOD FROM : 01-NOV-2024
PERIOD TO : 30-NOV-2024

UNIT NUMBER : A953896
ELEVATOR DESIGNATION : WORK ON DOWN ELEVATO

A	B	C	D	E	F	G	H	I	J
NO	DESCRIPTION OF WORK	SCHEDULED VALUE	PREVIOUS APPLICATION	WORK COMPLETED THIS PERIOD	ACTUAL STORED MATERIAL TO DATE	TOTAL COMPLETED AND STORED TO DATE	PERCENTAGE COMPLETED	BALANCE TO FINISH	RETAINAGE (if applicable) 0.00%
1.	DEPOSIT	M 2,298.58 L 2,298.58	2,298.58 2,298.58	2,298.58		2,298.58 2,298.58	100.00 100.00	0.00 0.00	
2.	FINAL	M 2,298.58 L 2,298.58		2,298.58 2,298.58		2,298.58 2,298.58	100.00 100.00	0.00 0.00	
3.	SUBTOTAL	9,194.31	4,597.16	4,597.16	0.00	9,194.31	100.00	0.00	0.00
TOTAL FOR UNIT A953896		9,194.31	4,597.16	4,597.16	0.00	9,194.31	100.00	0.00	0.00
TOTAL FOR ALL UNITS		9,194.31	4,597.16	4,597.16	0.00	9,194.31	100.00	0.00	0.00

SCHEDULE "B"
See attached



Clean Energy Electrical Group LTD.
 5-1599 Dugald Road,
 Winnipeg, Manitoba, R2J 0H3
 Tel. 204-306-2121
 info@cleanenergymb.ca
 www.cleanenergymb.ca

CUSTOMER QUOTATION NO. 402

Access Property Development
 725 Portage Ave
 Winnipeg Manitoba R3G 0M8

Quote No: 402
Site: 725 Portage Ave
Site Contact:
Site Phone:
Salesperson: Corey Sumeraj

Description

725 Portage Ave: Temporary Heating

Main Floor:

- Supply and installation of Electric duct heater (20-30kw) to serve existing ductwork being supplied by existing cooling only unit located in mechanical room. This will provide heat to offices and front of house
- Supply and installation of electric duct heaters to serve cooling only fan coils located in back of house/shop space

2nd Floor and Mezzanine:

- Supply and Installation of Electric duct heater (20-30kw) to serve existing ductwork supplied by thru wall cooling only fan coil.

3rd, 4th, and 5th Floors:

- Supply and installation Carrier 140,000 btu gas fired furnaces(3 per floor 9 total). Furnaces to be integrated against existing duct work serving floors.
- Supply and installation of gas piping
- Supply and installation of flu venting
- Supply and installation of condensate drains

Basement Water Meter Room:

- Supply and installation of 5KW electric force flow heater

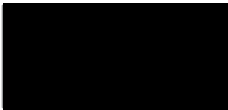
Plumbing:

- Map and inspect water and hydronic piping systems
- Drain down domestic water lines serving building. Provide hose bid in basement beside hot water tank
- Isolate boilers from domestic water feed

** Note: The fire suppression stand pipe serving each floor is a dry system(not holding water) and requires main valve to be opened to supply water. This would take away the need to keep pipe from freezing**

Service

Sub-Total ex Tax
Tax
Total inc Tax



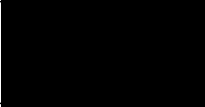


**Clean Energy Electrical
Group LTD.**
5-1599 Dugald Road,
Winnipeg, Manitoba, R2J 0H3
Tel. 204-306-2121
info@cleanenergymb.ca
www.cleanenergymb.ca

CUSTOMER QUOTATION NO. 402

Thank you.

Sub-Total ex Tax
Tax
Total inc Tax



How To Pay



Mail

Detach this section and mail check to:

Clean Energy Electrical Group LTD.
5-1599 Dugald Road, Winnipeg, Manitoba, R2J 0H3



Direct Deposit

Bank
Acc. Name
Routing
Number
Acc. No.

QUOTATION NO. 402



Credit Card (MasterCard or Visa)

Customer Reference:	3	Customer Name:	Access Property Development
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**Clean Energy Electrical
Group LTD.**
5-1599 Dugald Road,
Winnipeg, Manitoba, R2J 0H3
Tel. 204-306-2121
info@cleanenergymb.ca
www.cleanenergymb.ca

CUSTOMER QUOTATION NO. 402

Call 204-306-2121 to pay over the phone.

Appendix I – McDougall Auctioneers Ltd. Proposal

McDougall Auctioneers Ltd.
301 – 15 Great Plains Road
Emerald Park SK S4L 1C6
+1(800)263-4193
mcdougallauction.com

February 27, 2024

BDO Canada Limited
201 Portage Ave, 26th Floor
Winnipeg, MB
R3B 3K6

Re: Kromar Printing Ltd. - RFP

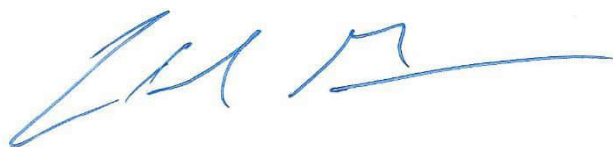
John,

Thank you for the opportunity to provide a proposal for the auction sale of the Assets (“Assets”) as described and set out in the attached Schedule “A” of Kromar Printing Ltd. (the, “Company”) located at 725 Portage Ave, Winnipeg, MB R3G 0M8 (the, “Premises). We have outlined some pertinent details within the subsequent pages for your consideration after our analysis of the Assets and the current marketplace.

It is our position that the current economic climate is depressed in Canada and the recovery values for the Assets will be negatively affected as the proportion of the market in traditional printing is minimal. Accordingly, we will ensure that all the Assets are marketed to their full potential to maximize recovery.

We believe our 42 years of auction experience offers deep regional and industry specific experience with expansive international reach. We bring an exceptional team which positions us as the most suitable candidate to guide the disposition of the Assets of the Company.

Sincerely,
McDougall Auctioneers Ltd.



Chad Guay
VP of Sales

Table of Contents

Offer.....3

Sales Approach... ..4

Marketing Strategy... ..5

Terms & Conditions... .. 6-8

Company Overview 9-10

Schedule “A” 11-21

Offer

In connection to your request for a proposal for the Assets of the Company, McDougall Auctioneers Ltd. (“McDougall”) hereby presents BDO Canada Limited, in its capacity as Court-appointed receiver and manager of the Company and not in its personal capacity (the “Receiver”) with the following offers for all of the Assets floor to ceiling, wall to wall but not limited to those listed in the Schedule “A”:

Offer

McDougall will act as agent and auctioneer and sell the Assets on the behalf of the Receiver and will be paid a commission equal to twenty percent (20%) of the gross proceeds from the sale of Assets excluding any buyer’s premiums and sales taxes.

McDougall is entitled to retain CAD \$7,500 (seventy-five hundred dollars) (the “Expenses”) from the net proceeds to reimburse McDougall for half of its expenses.

Sales Approach

We will conduct an unreserved online timed collective bidding auction sale on April 11th, 2024, or an agreed upon date with the Receiver. It is recommended that the Assets sell where they are currently located as Assets such as these always attain greater value when they are sold within their operational grounds. The collective bidding process will allow McDougall to sell all the assets “en bloc” versus all the assets individually and whichever total is higher will be the winner of the auction sale.

Once we are given access to the Premises, we will begin the preparations for the auction sale and strategically catalogue the Assets to enhance the opportunity of extracting their maximum value. Once this is complete, the lots will be posted online for a period of 21 days to ensure maximum exposure and will end in sequence on a designated day. The sale will be advertised as an “Unreserved Kromar Printing Ltd. Complete Dispersal Sale”. A 2-day preview period will be held prior to the closing date of the auction for public inspection and a two-week release period will be held once the auction is terminated to allow the winning bidders the opportunity to pick up their items. An extended pick up time will be made available subject to appointment.

Marketing Strategy

We propose an extensive \$5,000 advertising program with various advertising firms worldwide, including but not limited to the following manner:

- Hang up and distribution of colour posters custom designed by our marketing team.
- Colour gloss brochure for mail-out to similar industries
- Newspaper ads
- Global Auction Guide listing
- Google ad words
- www.machinio.com
- Social media outlets
- Equipment Trader ads
- Machinery Trader ads
- Machinery Pete ads
- Phone canvassing

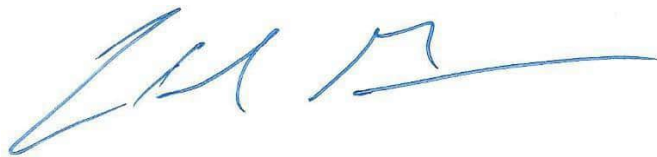
The campaign will be accompanied by voice ads on various radio stations throughout Canada and the United States, featuring the online auction sale as a notice to listeners. In addition, in conjunction with the above schedule, our “Client” list from the previous 42 years will be notified of the sale bill either by mail, e-mail or telephone marketing.

Terms & Conditions

1. In the event the Offer is accepted, McDougall will pay the Receiver the auction proceeds within thirty (30) days of the auction sale close date. McDougall shall guarantee such auction proceeds and shall be responsible for the collection of same.
2. McDougall shall provide a sale report to the Receiver within thirty (30) days of the sale close date or such other date as may be agreed to by McDougall and the Receiver.
3. All Assets must be free and clear of any and all liens and encumbrances. Proof of clear title must be provided to McDougall prior to the auction close date. McDougall will be indemnified by the Company against any claims occurred during the sale process.
4. The offers set out herein are subject to a verification of the Assets, and any overages or shorts in the actual Assets as listed in the Schedule "A", or any material change in the condition of the Assets since the inspection period, may be adjusted upon agreement of both McDougall and the Receiver, acting reasonably. If the parties can't agree on any such corresponding adjustments to the Assets, as a result of any subsequent additions or exclusions to the Assets, the parties hereby covenant and agree that such dispute shall be resolved pursuant to an independent third-party appraisal.
5. In the event the Offer is accepted, as per industry standard, any approved replacement parts, and labor to enhance net realizations, as approved by the Receiver and McDougall, will be deducted from the net payout in all circumstances.
6. In the event the Offer is accepted, McDougall will not be held responsible for any breakdowns or repairs which occur during the auction process. Any necessary repairs will be deducted from the sale proceeds subject to prior approval by the Receiver and McDougall.
7. McDougall holds the right to deviate at its sole discretion from the sales approach and marketing approach outlined above prior to the sale date or at any point without the consideration of the Receiver if they deem the offer to be equivalent to fair market value.
8. McDougall will be entitled to use the trademark Kromar Printing Ltd. or a similar variation for advertising purposes.
9. McDougall reserves the right to enhance the sale with additional Assets for sale.
10. McDougall will be solely responsible for the advertising campaign, auction preparation, cleaning, detailing, setup, cataloguing, preview period, collecting, invoicing, tax remittance and release period.
11. The Assets must remain insured by the Company until the end of the auction release period.

12. All sales will be conducted with an industry standard buyer's premium of fifteen percent (15%) and will solely be collected by McDougall. McDougall retains the right to waive or discount the buyer's premium on any individual sale at its sole discretion.
13. The Receiver must provide clear and marketable title for all rolling stock and equipment including signed original certificates of title if available prior to the auction close date. The Receiver must ensure the transfer of all title and registration documents are provided to the purchaser and that keys for all Assets, as applicable, are provided.
14. McDougall requires free and unrestricted use of the Premises for a total of one hundred (100) days. Occupancy will begin when McDougall is given access as well as keys. McDougall will not be held responsible for any utility, hydro, security, tax, etc. fees during this period. McDougall may be willing to reduce their occupancy period to a mutually agreed upon number of days should the Receiver request so.
15. Any toxic or hazardous waste, or environmental pollutants of any kind, including, paints, and other chemicals found on or about the Assets or the Premises remain the property and responsibility of the Company.
16. McDougall is not responsible for filling in any pre-existing pits or holes left behind after the removal of the Assets.
17. McDougall reserves the right to abandon any unsalable Assets.
18. McDougall ensures that the location will be left in a tidy manner. McDougall will deduct any additional clean-up costs from the sale proceeds should the Receiver want the building to be emptied. McDougall anticipates the total removal/cleaning costs to be approximately \$65,000.
19. McDougall reserves the right to amend the offer up until the agreed upon possession date of the Assets if an event of force majeure occurs which may include but is not restricted to, acts of God, lockouts, acts of war, terrorism, insurrection, riots, civil disturbances, etc.
20. This offer is valid until March 7th at 1:00 p.m. MST or any agreed upon extension date. If you have any questions or require any further information, please do not hesitate to contact the undersigned at +1-403-870-8699.

Sincerely,
McDougall Auctioneers Ltd.



Chad Guay
VP of Sales

BDO Canada Limited in its capacity as Court-appointed receiver and manager of Kromar Printing Ltd. and not in its personal capacity, (the “Receiver”) hereby accepts the Offer above under the terms and conditions presented above on March _____, 2024.

Printed Name

Signature

Company Overview

McDougall Auctioneers has conducted both live and online auction sales for the past 42 years and offers you an exceptional background of auction experience. Our firm's mission statement is "To provide our customers, both buyers and sellers, with the highest level of professionalism, service, honesty and integrity in a family atmosphere." We believe reinforce this in the manner in which we conduct business and look forward to working with your firm throughout this auction sale.

Our website is one of our most powerful tools in the advertising field. We have serviced throughout North America and around the world for the past 42 years and we have built up an incredible following for live and online-timed auction sales. At the time of listing, McDougall will take photographs and videos for marketing purposes that will be posted on our website at www.mcdougallauction.com. Our website generates tens of thousands of hits per day and generates many proxy bids and endless interest. Of course, with the real time internet bidding, the scope of market is worldwide and puts the equipment on a worldwide marketplace. Our track record of strong net sales results backs up our marketing strategies as well as our knowledge of how to conduct a solid and profitable auction.

We would highly recommend the consideration of conducting this auction sale for the Assets of the Company on our high-profile online auction platform www.mcdougallauction.com. There are many advantages to conducting the sale of the Assets with our firm. With our yard locations, professional staff and marketing strategies, we will achieve the most favorable financial results.

Our online auction platform is set up with a "10 Minute Soft Close" which is standard throughout all our online auctions. If a lot is scheduled to close at 12:00 noon and a bid is entered at 11:59, the scheduled closing time will be extended by 10 minutes, this will continue to occur if there if ongoing bidding is taking place. We have designed our website this way to prevent any snipe bidding which consequently levels the playing field for all parties involved, as demonstrated in a live auction sale.

The sale will be featured and advertised as an exclusive "Unreserved Kromar Printing Ltd. Complete Dispersal Sale". We believe it is important to convey to the potential customer, that we are selling quality Assets of a long standing good reputable company. This sale will be featured as its own exclusive online auction event and advertising the business name is key to gaining the confidence and liberal bidding of the potential buyer.

We are one of the very few auction houses in Canada to own and develop an auction program which handles all payments, applicable taxes, etc. facilitating an efficiently run online auction sale. McDougall offers a secure online payment platform backed by Moneris as well

as direct Registration as a Payee to most financial institutions. We accept all the traditional methods of payment i.e. wire transfers, cash, approved company cheques as well.

Schedule "A"

(5) Wood & Metal Carts
 Wood Desk
 Printing Dies w/ Shelves (12 Shelves)
 Antique Printers Tool Slug Cutter
 Antique Hammon Glider Trimmer Saw Hammon
 Antique General Electric Saw
 Wood Table & Steel Table
 Original Heidelberg Antique Printing Press
 Original Heidelberg Antique Printing Press
 Antique Printer
 Antique Miehle Printing Press #V-21802
 Wood Drafting Table
 Amergraph Exposure Unit
 Paper Sheer
 AGFA Camera & Dark Room
 Wood Drawers
 Office w/ Contents
 (3) 6" Folding Tables
 Metal shelf & Wood Tables
 AM Printing Press
 Pallets of Boxes and & Books
 Original Heidelberg Cylindar Press
 Toyota Electric Truck #8HBW23
 Wood Tables
 (2) Garbage Bins & Dolly
 (6) Wood Totes
 Komatsu FG25T-16" Fork Lift Propane
 Pallet Jack
 Air Tank
 Ingersoll Rand NVC 400A 600x Air Dryer
 Ingersoll Compressor
 (2) 10' Ladders
 (2) Air Pumps SEIG
 (13) Pallets of Paper Sheets
 Wood Crate
 Wood Bench w/ Lighting & Contents

Henning Graphics Light Table
 Pallet Jack
 (19) Lockers
 Wood Table
 Steel Shelf w/ Paper Contents
 Eye Wash Station w/ First Aid Kit
 Wood Table
 Men Roland D-63075 Print Machine
 Steel Rack Table
 Pallet Jack
 Nela Ternes Electric Manual Plate Punch
 Pallet of Rags
 (2) Wood Tables w/ Lighting
 Man Miller TP104120 Printing Press #6362-00758
 Multiple Pales of Sun Chemical Over Print Varnish
 Multiple Cans of Sunlit Tph38 Process Cyan
 (7) Pallets of Printing Paper
 Miller TP10415C Printing Press #6362-0683
 (10) Metal & Wood Shelves of Used & Unused Printing Ink
 Dolly
 (3) Steel Cans of Glue
 Pallet Jack
 Table Grinder
 Wood Table w/ Vice
 (1) Pallets of Printing Paper
 Man Miller
 Man Miller TP104/6C1LC #6362-0684
 Wood Crate
 Raymond Electric Fork Lift #31-R400TT
 Yale NRO4 Electric Fork Lift #N555343
 Ferro Pro Five Battery Charger Model #FR12CE55
 Precision Battery Charger Model 3PP188 #750EME5
 Ferro Pro Five Battery Charger Model #FRZCE450M
 Part for Pumps & Motors
 Wood Desk
 Plolar-MOHR Eltromat Paper Cutter
 (15) Pallets of Paper
 (4) Steel Racks
 Checker Steel Plate Ramp
 Rice Lake Scale on Metal Table

Time Clock

2008 Chevrolet Express Van

104,426 Miles

(4) Metal Barrles

Roland 700 Printing Press

Pallet Jack L Mobile

Steel Table on Wheels

(2) Wood Desks & Filing Cabinets & Wood Dolly

Pallet Jack

Miller TP 1045 Printing Press

(4) Steel Shelves

Fridge

7Up Cooler

Metal Cabinet

Pridmore Press

Wood Desk

(5) Pallets of Printing Paper

(5) Steel Shelves of Printing paper

Henning Graphics Light Table

Evese Light Table

Pallet of Pro Printing Cartridges

Wood Crate

Lift Rate Pallet Jack

Ramond Electric Pallet Jack Model 840

Brausse Automatic Foil Staping Maching

Model BF75

(3) Chairs & Desk

Wood Table

NuArc Light Table

Wood Table w/ Contents

No Ian Smelting Furnace and Press

Ludlow Supersurfacrer

(4) Desks w/ Dies

Milling Machine

Dupio 3500 Booklet Maker

Dupio Creaser

Fiery Pro C7200e Colour Printer

RicoH Pro 8110's Colour Printer

RicoH Printer SP8400DNM

NuArc Light Table

Xerox Printer JA-1

Shelves w/ Contents

Office 1 - Desk, Chair, Printer, Cabinets, Computer
Office 2 - Desk, Chair, Computer, Cabinets
Office 3 - Desk, Chair, Computer, Cabinet
Office 4 - Table, Chairs, Cabinets, Five Place
Office 5 - Printer, Desks, Chairs, Cabinets, Computer
Office 6 - Printer, Desk, Chairs, Cabinets,
Computer
Office 7 - HP Printer, Tables, Chairs, Computer
Office 8
Office 9
Office 10 - Printer, Table, Chairs, Computer
Office 11 - Printer, Table, Chairs, Computer
Front Desk - Printer, Tables, Chairs, Computer
Open Space - Desks, Chairs, Computers, Cabinets
Henning Light Table
F001 Film FG950A Printer
Opti-Copy Imposer System
Office 12 - Chairs, Printers, Shelves, Keurig
Office 13 - Desk, Computer, Chairs
Office 14 - Desk, chair, Computer, Cabinets
Office 15 - Desk, Chairs, Computer, Cabinets
Office 16 - Desk, Computers, Shelves
Office 17 - Desk, Chairs, Cabinets, printer
Office 18 - Shelves of Books
Kromar Printing Ltd. - 2nd Floor
Kodak Magnus 800 Platesetter
HU.Q Plate Stacker
Kodak K610-2362 Printer
Desk With Computers
Kodak Debris Removal Cabinet
Therm Fisher NH 03801
Canon Pro 4100 Printer
Wood Desk 1 Shelf
Henning Light Table
Epson Pro 9900 Printer
Epson Ultra Chrom K3 Printer
Trendsetter Spectrum Plate Setter
Epson Ultra Chrom K3 Pro 9800
Wood Desk
Dolly

SS Wash Tub
Eye Wash Station
Olympic Water Conditioner
Wood Table and Shelves
Office w/Desk & Chairs
Room of Homemade Self Approx. 25
4" Univeyor Conveyor
3" Univeyor Conveyor
3M Matic Adjustable Case Sealer 700a
2" Univeyor Conveyor
Wood Table
Grapha Muller Martini Counter Stacker
Muller Martini Book Trimer
Muller Martini Conveyor System TVP-3620
Muller Martin Gathering Machine
56 Pallets of Paper
15 Pallets of Box's
2 Steel Mail Crates
Muller Martini 3212 Automatic Feeder
Wood Crate
Steel Dolly Box
10" Ladder
2 Wood Tables
Locker, 2 Wood Cubboards
Wood Self w/Contents
Table & Shelf w/Contents (Books)
Bench & Shelf w/ Custom Dies
Ridgid Vacum Parts
De Villbliss Compressor
Pump
Arrow Compressor 0-70-1
Henning Light Table
Wood Cuboard
Imation 447L Laminator
Wood Shelf
Pallet Jack
Henning Light Table
2 Wood Tables with Paper Shear
2 Desks w/Computers
Bennett RH Plate Turner
HP Printer and Stapler Stacker
Desk w/Computer

2 Desks w/Computers & Chair
Desk w/Computers
Desk w/Computer
Desk w/Computer & Chairs
Desk w/Computer & Chair
Henning Graphics Light Table
Kodak Polychrome Match Print
Ink Jet Proofer Model 5542
Iris 43 Wide Printer
Table w/8 Chairs
Desk w/Computer Fan & Chair
Leather Couch w/ End Tables
Leather Couch w/ 2 Leather Chairs, Tables
2 End Tables
Fridge & Microwave
Kitchen Contents
Table w/4 Chairs
Maytag Fridge w/Microwave
Leather Couch
Tables w/Chairs & Lamps
Leather Couch w/End Table and Table
Shelfs
Kromar Printing Ltd. - Printing 3rd Floor
14 Pallets of Boxes (Selection Slips)
ACU Gage Coordinate Measuring Machine
Diddle Graphic System Web Press System
Model 296-755 w/Martin Auto Matic Splicer
Wayne Compressor 3208
Paper Rolls
Metal Shelf w/Used Ink
Steel Cart
Wood Desk
Diddle Glaser 296-650 Web Press System
w/Martin Auto Matic Splicer
2-12x8.5 Rolls of Paper
ARPac Vision Shrink Wrap Tunnel VT122272
Univeyor 5" Conveyor
3M Matic Case Sealing System 19000
Cascade Strapping Machine
Wood Desk
Pallets and Shelfs of Boxes
200ft Trans Normal Conveyor System TS1500/100

Kolbus HD 150 3-Knife Trimmer
Rima RS 3310 Compensating Stacker
Wood Table
Pallets of Parts
Steel Work Bench
Steel Cupboard With Contents
Wood Shelf w/Contents
Kulbus 2V801 Binder & Gatherer
80 Pallets of Paper
Steel Garbage Bin
3 Wood Crates
Shanklin Wrapper F-5A F00108
Shanklin Wrapper F-5A F00108
Shanklin Shrink Tunnel T-71 T-00247
Shelf of Wood Dies
3 Wood Tables
Polar Automatic Jogger RA w/Air-Removing Roller
Heidelberc PCD- 820 DL Scale
Polar Mohr Air Board Lift LL-6000 K-3
Polar Mohr 115AT-XL Cutting Line
Polar Mohr TR130-ER-5 Paper Guillotine Cutter
Lift Rite Pallet Jack
Wood Crate
Multiton Pallet Jack
Polar Mohr LW-1000-4 Paper Stack Lift
Polar Mohr 115-EMC- Monitor Paper Cutter
Polar Mohr Air Board Lift
2 Wood Crates
Kromar Printing Ltd. - 4th Floor
22 Pallets w/Boxes
Pallet Jack
Arca Steel File Cabinet w/Printing Dies
Linotype Model Printing Press Model 31 SCR 59403
Wood Table w/ Locker
Steel & Wood Rack
Druckluftbehälter Compressor
Druckluftbehälter Compressor
2 Strap Roles
Shop Vac
Stahl 4TD 56/2-T Folding Machine 125650
Steel Locker w/Contents
Sthal Sak 66.D Digital Delivery 6927094

Polar Mohr LW-1000 Paper Stack Lift
Stahl RD 78-T Printing Station 273052
Stahl TD 7814 Pressxchange
Stahl TD 66/4T Folder 225029
Stahl TD 66/4T Folder 273052
Stahl SBP-M 46.D Stack Delivery System Ser. 273526
Mini Fridge
Stahl 66/4-T Folder 273043
Wood Table
Baum Folder 1320H-3-P-2 130WD0027
3M - Matic 200A 39600 14707 Adjustable Case Sealer
Pallet Jack
Yale Electric Pallet Jack
Printing Parts
Pallet Jack
12 Canada Post Steel Crates
Wood Crate
Stahl 5BP-M-46 Staker 273525
Stahl 2TD 78/4-T Press Change 273043
Stahl TD 78/6 Folder 273043
Stahl RD 78/T Folder 273043
Polar Mohr LW-1000 Paper Stack Lift 1199
Wood Table w/ Contents
ES 2400 Battery Charger 24/100
Ingersoll Rand Compressor Model SSR-EP550E
Ingersoll Rand Compressor DXR200
Shelfing w/Mis. Cardboard
31 Pallets of Printing Material
Nu Arc Light Table VLT4ZF-CSA
DeVilBiss Compressor 5061
Office w/Tables, Desks, Microwave & Contents
Accufeed 1 D&K
Cupboards, Desk and Paper
Roseback 2235R Slit Score Machine
2 Wood Tables
Garbage Bin Steel
Hyster Pallet Jack
Wood Crate
Kromar Printing Ltd - 5th Floor
Lawson Vari-Speed Drill
Wood Table

Challenger Paper Drill MS-10A 43880
Challenger Paper Drill MS-10A 56542
Sterling Digibinder
Cabinet with Contents
Cahallenger 2555 DS
Wood Table with Steel Wire Spool Plastic
Lawson Class H DCHR Super Duty Drill
Wood Table
Lawson 18CV 1041 Conveyor System
Cincinnati Dust Master 100S
Challenger JF Paper Drill
Interlake S3A 11/8 Flat Bood Saddle Stitcher 2117
Microwave and Table
Fan
National Paper Jogger
Acme Steel Wire Stitcher Model A
Desk
Wood Table
(12) Lockers
Polar Mohr Jogger with Air Removal Rollers RB5
Polar Mohr High Speed Cutter 137 Mon
(4) Pallets of Lotto Tickets
Wood Desk
Combi 35 Endleaf Tipper
Canadian Printer Supply Punch
Polar Mohr Paper Lift L1000
Pallet Jack Multiton
Polar Mohr Paper Lift L1000
Blade Saver Cutting Sticks
Polar Mohr 115 EMC High Speed Cutter
Polar Mohr R-4 Jogger
(5) Pallets of Lotto Tickets
Ideal 2520 Shrink Wrap Machine
Great Lakes Corp TS37 Side Seal Horizontal Wrapper
Polar Mohr L-600-W-3 Stacking Lift
Cupboards with Paper
Univeyor Conveyor 6"
3M-Matic 29200 Adjustable Case Sealer
Univeyor Conveyor 5"

Univeyor Conveyor 10"
Univeyor Conveyor 10"
Wood Table
Hyster Pallet Jack
Harris Graphics RS-10 817 Compensating Counter Stacker
Toledo Scale
Wood Table
Wright Wood Cart
Steel Cabinet with Contents
Five Shelf with Contents
Harris Graphics 650-8 SL102-6 Bindery System
3M Matic 28600 8749 Adjustable Case Seater
Board with Wrenches
(2) Bolt Bins
File Cabinet
Steel Cupboard with Contents
770 lbs Hoist
Muller Martini 1540 950677 Counter Stacker
Work Bench with Contents
(2) 5" conveyors
Steel Cabinet with Contents
Wood Table with Drawers
Muller Martini Saddle Stitcher 1998 System
(8) Pallets of Boxes
Stahl 49699 Stacker
Stahl 45974 Stacker
Stahl 47854 Stacker
Polar LW1000-4 Paper Pile Lift
Steel Wagon
Wood Shelves with Contents
Fridge
Office with Contents
Office with Contents
Stahl 26454 Stacker
3M Matic Case Sealing System 8691
Stahl 49814 Stacker
Stahl 29023 Stacker
(3) Pallets of Mail Post Boxes
(3) Baxco Signature Bundlers

(32) Metal Crates

Stahl 47854 Stacker

Stahl 49813 Stacker

Stahl 49815 Stacker

Stahl 49813 Stacker

Stahl 45974 Stacker

Wood Table

Polar Mohr L1000-4 Paperlift

Nuare High Table LT42

Stahl 125650 Stacker

Stahl 50022 Folding Machine

Wood Cupboard with Parts

Ordibel Collector 7565

Appendix J – Interlake Salvage Disposal Quote

Warga, Brent

From: Chad Guay <chad.g@mcdauktion.com>
Sent: June 14, 2024 2:08 PM
To: Fritz, John
Cc: Warga, Brent
Subject: [EXT] FW: Pricing Proposal Kromar June 13, 2024

Chad Guay
VP of Sales | Partner

MCDUGALL AUCTIONEERS

Cell: (403) 870-8699

Fax: (306) 649-0722

Toll Free: 1.800.263.4193

Email: chad.g@mcdauktion.com

WWW.MCDUGALLAUCTION.COM



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If you are not the intended recipient, be advised that disclosing, copying, distributing, or any other use of this message, is strictly prohibited.

In such case, please destroy this message and notify the sender.

From: Mike Yurkiw <mike.y@mcdauktion.com>
Sent: Thursday, June 13, 2024 3:07 PM
To: Chad Guay <chad.g@mcdauktion.com>
Subject: Fwd: Pricing Proposal Kromar June 13, 2024

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From: jamesisr <jamesisr@mymts.net>
Sent: Thursday, June 13, 2024 4:02:56 PM
To: Mike Yurkiw <mike.y@mcdauktion.com>
Cc: Interlake Salvage and Recycling Inc <interlakesalvage@mymts.net>; shaneisr <shaneisr@mymts.net>; Murray Katz <murrayisr@mymts.net>; Ron Frykas <refrykas@gmail.com>
Subject: Pricing Proposal Kromar June 13, 2024

Caution: This email originated from outside of McDougall Auctioneers Ltd. Do not click links or open attachments unless you recognize the sender's actual email address and know the content is safe.

Hi Mr. Mike,

For budget purposes i would use the associated numbers per line item. Please remember that these numbers do not represent an official quote on final pricing but merely what we would recommend as a budget. Unfortunately it is difficult to provide a more accurate number for the tipping and disposal fees.

1. Electrician - \$28,500.00
2. Mechanic (with tools) - \$90,000.00
3. Supervisor - \$51,000.00
4. Labourer - \$144,000.00
5. Security - \$30,000.00
6. 110 Loader (includes fuel and operator) - \$43,200.00
7. Mini Excavator (includes fuel and operator) - \$12,000.00
8. Mini Skid Steer (includes fuel and operator) - \$12,000.00
9. Shredder Truck (includes fuel and operator)- \$55,000.00
10. Fork Lift - Contingency Item
11. Safety Consumables - \$5000/LS
12. Mobilization and Demobilization - \$25,000.00

Total Expected Budgeted Expenses (minus Permits, Tipping and Disposal Fees - \$495,700.00

Anticipated Credits

1. Resale item Credit - \$35,000.00
2. Steel Credit - \$44,000.00

Anticipated Credit Total - \$79,000.00

Anticipated Total Bill (minus Tipping and Disposal fees) - \$416, 700.00

*Waste tipping fees for Paper, Cardboard, Garbage, Asbestos (if applicable) and Wood will be charged at cost plus 10 percent.

*Any required permits will be charged at cost plus 10 percent.

Please feel free to call me if you have any questions.

On Thu, Jun 13, 2024 at 2:07 PM jamesisr <jamesisr@mymts.net> wrote:

Hi Mr. Mike,

Interlake Salvage and Recycling Inc. (ISR) is pleased to submit the following Pricing for the Building Clean-up, Removal of Furniture, Equipment and Supplies of Kromar Printing, located at 725 Portage Avenue, Winnipeg, MB. Because of the nature of the work required, ISR believes that it is in the best interests of all parties to breakdown the price for the required work in the following manner. Please see the rate schedule shown below.

1. Electrician - \$95/hr each (2 required)
2. Mechanic (with tools) - \$150/hr each (4 required)
3. Supervisor - \$85.00/hr each (1 required)
4. Labourer - \$60/hr each (4 required)
5. Security - \$50/hr each (2 required)
6. 110 Loader - \$120/hr (includes fuel and operator)
7. Mini Excavator - \$80/hr (includes fuel and operator)

8. Mini Skid Steer - \$4000/month (includes fuel and operator)
9. Shredder Truck - \$2750/day
10. Fork Lift - \$200/day
11. Safety Consumables - \$5000/LS
12. Mobilization and Demobilization - \$25,000.00

*Mobilization and Demobilization charges cover the cost of the bringing and taking away from site any equipment required in the completion of the requested work, employee daily travel to and from site.

*Waste tipping fees for Paper, Cardboard, Garbage, Asbestos (if applicable) and Wood will be charged at cost plus 10 percent.

*Any required permits will be charged at cost plus 10 percent.

*Credit of \$110/net ton of scrap steel picked up from site will be applied to billing. (Pricing is based on June steel pricing of \$220/net ton.)

*Mcdougall Auctions have identified some items with the total potential resale value of \$70,000.00. ISR will be providing the client with and invoicing credit of \$35,000 as compensation for these items.

*Interlake Salvage and Recycling will own all items in the building once work begins.

Please feel free to call me if you have any questions.

Thank you .

James Clarke
President
Interlake Salvage & Recycling Inc.
Box 1550, 47 Patterson Drive
Stonewall, MB
R0C 2Z0
www.interlakesalvage.ca
(204)467-9344 Ph.
(204)467-9449 Fx.
(204)461-0461 Cell.

Appendix K – 5139776 Manitoba Ltd. Agreement

Asset Purchase Agreement

This asset purchase agreement is entered into as of the 1 day of August, 2024 (the "Effective Date"), by and between McDougall Auctioneers Ltd. a company organized and existing under the laws of Saskatchewan, with its principal place of business at 301-15 Great Plains Rd. Emerald Park (referred to as the "Auction Company"), and 5139776 Manitoba Ltd. c/o George Kopec (the "Purchaser") purchasing all personal property and equipment (the "Assets") from BDO Canada Limited in its capacity as Receiver of Kromar Printing Ltd. (the "Receiver"), subject to the specific exclusions set out below (the "Excluded Assets"), belonging to Kromar Printing Ltd. ("Kromar"), a company located at 725 Portage Ave., Winnipeg, MB.

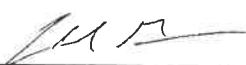
- For greater clarity, the Assets will consist of all onsite personal property, excepting the Excluded Assets, including:
 - Production equipment and parts;
 - Inventory of paper, paper boxes, printed material, and physical records of Kromar not identified as Excluded Assets;
 - Material handling equipment;
 - Office furniture and equipment; and
 - Other assets related to Kromar's printing operation.
- BDO Canada Limited, in its capacity as Receiver of Kromar, and McDougall Auctioneers Ltd. will be completely indemnified by the Purchaser in the event of any damage to the building and or the Assets during the Purchaser's removal of the Assets.
- The Assets are sold on an "as is, where is" basis to the Purchaser, with no representations or warranties.
- Removal period from August 6th, 2024, to November 11th, 2024 (the "Removal Period"). The Purchaser will be held financially responsible for any removal costs should any Assets remain onsite after November 11th, 2024.
- The Excluded Assets are as follows:
 - Kodak Magnus 800 Plate Setter and related equipment;
 - Cannon PRO-4100 44-inch 12 Colour Large Format Printer and related components;
 - Any company records identified as being retained by the Receiver or the former principal of the Company;
 - Personal property belonging to the former principal of the Company;
 - Building systems and fixtures including wiring, plumbing, HVAC and related equipment;
 - Computer towers and onsite dumpsters; and
 - All ink and hazardous chemical.
- Any of the Assets deemed more valuable than salvage prices by the Purchaser and the Auction Company will be sold by the Auction Company and split as follows:
 - 12% to be paid to the Auction Company on account of auction fees;
 - 44% to be paid to the Receiver; and
 - 44% to be paid to the Purchaser.

The Purchaser will deliver these assets to the Auction Company's nearest location. The Auction Company will collect and remit any applicable taxes.

- Entire contents are to be removed from the building by November 11th, 2024.



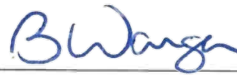
- During the Removal Period, the Receiver will maintain 725 Portage Avenue (the “Building”) in the ordinary course including maintenance of utility services in addition to scheduled elevator service and any necessary elevator repairs.
- During the Removal Period, the Purchaser and the Purchaser’s authorized representatives will be provided reasonable access to the Building for the sole purpose of removing the Assets. If the process of such removal has the potential to be invasive, the Purchaser shall prepare a work plan for such testing which shall include proposed remediation and repair to the Building for any damage to the Building and shall provide such plan to the Receiver in advance of such removal and upon written approval from the Receiver, which shall not be unreasonably withheld or delayed, the Purchaser will be entitled to remove the Assets in accordance with the work plan. All work conducted in removing the Assets will be carried out on notice in writing to the Receiver and in the presence of a representative of the Receiver (if the Receiver so desires).
- The Receiver will use its best efforts to remove the Excluded Assets on or before the commencement of the Removal Period. In the event that any Excluded Assets remain subsequent to the commencement of the Removal Period, the Receiver will jointly identify same to the Purchaser in a manner satisfactory to the Purchaser.



McDougall Auctioneers Ltd.



5139776 Manitoba Ltd.



BDO Canada Limited in its capacity as
Receiver of Kromar Printing Ltd. and not in
its personal capacity.

July 31, 2024
Date

Aug 1/24
Date

August 1, 2024
Date

Appendix L – Fees and Disbursements of Deloitte Restructuring Inc.

KROMAR PRINTING LTD.

**SUMMARY OF RECEIVER FEES AND DISBURSEMENTS
DELOITTE RESTRUCTURING INC.**

Date	Invoice #	Fees	Disbursements	GST	Total	Hours
13-Jan-24	8004354063	\$ 23,195	\$ -	\$ 1,160	\$ 24,355	64.7
Total		\$ 23,195	\$ -	\$ 1,160	\$ 24,355	64.7



Invoice 8004354063

Deloitte Restructuring Inc.

1190, avenue des Canadiens-de-Montréal
Bureau 500
Montréal QC H3B 0M7

ATTN: Lori Matson, Director Business Restructuring
Business Development Bank of Canada
5 Place Ville Marie, Ground Floor
Montreal QC H3B 2G2
Canada

Tel: 514-393-7115
Fax: 514-393-7140
www.deloitte.ca

Date: January 13, 2024
Client No.: 1134128
WBS#: BUS00516
Engagement Partner: Benoit Clouatre

GST/HST Registration: 122893605RT0001
QST Registration: 1000870419TQ0002

For professional services rendered

Fees

In accordance with the Court Appointed Receivership proceedings of Kromar Printing Ltd. for the period December 1, 2023 to December 22, 2023.

B. Warga - Partner 5.1 hours: 2,805.00
J. Keeble - Partner 0.2 hours: 110.00
J. Fritz - Senior Manager 16.8 hours: 7,560.00
T. Dew - Senior Associate 42.0 hours: 12,600.00
L. Conorton - Associate 0.6 hours: 120.00

Total 64.7 hours: 23,195.00

GST applicable 23,195.00

Sales Tax

GST at 5.00 % 1,159.75

Total Amount Due (CAD) 24,354.75

Accounts shall be due and payable when rendered. Interest shall be calculated at a simple daily rate of 0.0493% (equivalent to 18% per annum). Interest shall be charged and payable at this rate on any part of an account which remains unpaid from thirty(30) days after the invoice date to the date on which the entire account is paid.

**KROMAR PRINTING LTD.
RECEIVERSHIP TIME SUMMARY
INVOICE NO: 8004354063**

Date	Name	Hours	Total	Description
2023-11-30	Warga, Brent	1.0	\$ 550.00	Kromar hearing.
2023-12-01	Warga, Brent	2.6	1,430.00	Preliminary receivership matters and taking possession.
2023-12-04	Warga, Brent	1.5	825.00	Termination of staff and preliminary receivership matters.
2023-12-04	Dew, Todd	5.0	1,500.00	Take possession; AR; AP; WEPP; utilities; trust accounting.
2023-12-04	Fritz, John	4.0	1,800.00	Attendance at Kromar; meeting with staff; asset and building matters; compilation of records; website posting; creditor correspondence.
2023-12-05	Conorton, Laura	0.5	100.00	New website setup; document uploads.
2023-12-05	Dew, Todd	3.0	900.00	AR; AP; WEPP; utilities; trust accounting.
2023-12-05	Fritz, John	2.0	900.00	Website finalization; WIP analysis; insurance and RBC correspondence.
2023-12-06	Dew, Todd	6.0	1,800.00	AR; AP; WEPP; utilities; trust accounting
2023-12-06	Fritz, John	2.0	900.00	Call with applicant creditor; call and correspondence with J. Cohen re: WIP and receivables; RBC correspondence re: Company's bank accounts; receivables correspondence; prospective purchaser correspondence.
2023-12-07	Fritz, John	0.7	315.00	Receivables correspondence; RBC follow-up; appointed creditor correspondence.
2023-12-07	Dew, Todd	5.0	1,500.00	AR; AP; WEPP; utilities; trust accounting; meet with McDougall Auctions onsite.
2023-12-08	Fritz, John	2.3	1,035.00	Attendance at Kromar; statutory notice; creditor enquiries; interested party enquiries; insurance matters.
2023-12-08	Dew, Todd	5.0	1,500.00	AP; AR; send Notice and Statement of Receiver to creditors, the OSB, CRA and the service list; trust accounting.
2023-12-08	Keeble, Jeff	0.2	110.00	QAR notice.
2023-12-11	Conorton, Laura	0.1	20.00	Website update.
2023-12-11	Dew, Todd	5.0	1,500.00	Attend premises; AR; ROE's; T4's; WEPP.
2023-12-11	Fritz, John	1.1	495.00	WIP calls and correspondence; interested parties; former management calls; banking matters.
2023-12-12	Dew, Todd	5.0	1,500.00	Attend premises; AR; ROE's; T4's; WEPP.
2023-12-12	Fritz, John	0.9	405.00	Pending customer correspondence; interested parties; creditor and employee matters.
2023-12-13	Dew, Todd	3.0	900.00	Attend premises; Protelec alarm and Bell MTS issues.
2023-12-13	Fritz, John	1.0	450.00	Direction to T. Dew; WIP matters; creditor enquiries; building maintenance items.
2023-12-14	Fritz, John	0.6	270.00	Direction to T. Dew; creditor enquiries.
2023-12-14	Dew, Todd	5.0	1,500.00	Attend premises; Protelec alarm and Bell MTS issues; gather PST and GST records, banking records, payroll records.
2023-12-15	Fritz, John	2.2	990.00	Employee matters; work in process and A/R review and correspondence.
Total		64.7	\$ 23,195.00	

Appendix M – Fees and Disbursements of BDO Canada Limited

KROMAR PRINTING LTD.

**SUMMARY OF RECEIVER FEES AND DISBURSEMENTS
BDO CANADA LIMITED**

Date	Invoice #	Fees	Disbursements	GST	Total	Hours
12-Feb-24	CINV2722371	\$ 43,550	\$ -	\$ 2,178	\$ 45,728	97.3
25-Apr-24	CINV2838252	41,660	-	2,083	43,743	94.5
6-Aug-24	CINV3037731	27,325	-	1,366	28,691	60.8
9-Oct-24	CINV3118536	24,510	-	1,226	25,736	54.1
23-Dec-24	CINV3218316	30,895	294	1,559	32,748	65.9
Total		\$ 167,940	\$ 294	\$ 8,412	\$ 176,646	372.6



Tel: 204 956 7200
www.bdo.ca

BDO Canada Limited
201 Portage Ave, 26th Floor
Winnipeg, MB R3B 3K6

Strictly Private & Confidential

Business Development Bank of Canada
5 Place Ville Marie, Ground Floor
Montreal, QC H3B 2G2

Attention: Lori Matson, Director Business Restructuring

Date	Invoice
February 12, 2024	CINV2722371 CUS0079408

RE: Kromar Printing Ltd. - Receivership

TO OUR FEE FOR PROFESSIONAL SERVICES for the work performed in accordance with the Court Appointed Receivership proceedings in the above noted matter.

Our Fee	\$ 43,550.00
GST/HST (5%) 101518124RT0001	2,177.50
TOTAL	\$ 45,727.50

Summary of Time Charges:

	Hours	Rate	Amount
B. Warga, Partner	17.4	550.00	9,570.00
J. Fritz, Sr. Manager	68.4	450.00	30,780.00
A. Fielding, Manager	0.4	375.00	150.00
T. Montesano, Sr. Associate	4.3	300.00	1,290.00
J. Lawrence, Sr. Associate	4.0	300.00	1,200.00
L. Demchuck, Technician	2.8	200.00	560.00
Total	<u>97.3</u>		<u>\$ 43,550.00</u>



Date	Staff	Comments	Hours
22-Dec-23	B. Warga	Meeting with J. Fritz re: file matters and security.	0.7
2-Jan-24	B. Warga	Review of correspondence to/from service provider (elevator); discussion of file matters with J. Fritz re: WEPP.	0.6
3-Jan-24	A. Fielding	Preparing employee POC forms mail merge.	0.4
3-Jan-24	B. Warga	E-mail correspondence re: insurance claim; correspondence with J. Fritz re: file matters.	0.5
4-Jan-24	B. Warga	E-mail correspondence to BDC and counsel re: file status; correspondence to/from City of Winnipeg re: remediation Order; call with C. Howden re: same; review of correspondence re: life insurance policies.	1.2
4-Jan-24	T. Montesano	Update WEPP schedule; prepare employee WEPP letters.	0.7
5-Jan-24	B. Warga	Call with the City of Winnipeg re: remediation order; correspondence with BDC re: life insurance.	0.7
9-Jan-24	B. Warga	Correspondence with J. Cohen re: open orders; correspondence to/from interested stakeholders.	0.6
9-Jan-24	J. Fritz	Pending order correspondence.	0.5
9-Jan-24	T. Montesano	Call with J. Fritz re: WEPP POC's; make changes to same.	0.6
10-Jan-24	B. Warga	Review of various correspondence from interested stakeholders re: file matters (open orders, creditor enquiries, etc.).	0.8
10-Jan-24	J. Fritz	Pending order and A/R correspondence; building maintenance; employee matters (WEPP, T4s, etc.).	2.1
10-Jan-24	T. Montesano	Enter employee TIF's into Service Canada website.	1.5
11-Jan-24	B. Warga	Call with CRA re: audits; review of various e-mail correspondence re: open orders; review WEPP mailing.	1.4
11-Jan-24	J. Fritz	Pending job correspondence; building maintenance matters; City remediation review; CRA calls and information review.	2.3
12-Jan-24	B. Warga	Review of various e-mail correspondence to/from customers re: open orders; review of e-mail correspondence from the City of Winnipeg re: remediation order.	0.7
12-Jan-24	J. Fritz	Pending order correspondence; building maintenance matters; appraisal and inventory logistics; receivables correspondence; former bookkeeper correspondence; life insurance correspondence.	3.1
14-Jan-24	J. Fritz	J. Cohen correspondence re: pending order logistics; City correspondence re: water accounts.	0.3
15-Jan-24	J. Fritz	Attendance at Kromar; inventory and appraisal; building maintenance; pending customer and third-party correspondence; RBC review, compilation, and correspondence.	2.7



Date	Staff	Comments	Hours
16-Jan-24	B. Warga	Calls with J. Fritz re: file matters (water/pipe matters, sale process, etc.)	1.1
16-Jan-24	J. Lawrence	Attend at Kromar Printing with J. Fritz to address building maintenance and operational matters.	4.0
16-Jan-24	J. Fritz	Attendance at Kromar; accounting backup matters; building maintenance and remediation; accounting data; appraisal and inventory; direction to J. Lawrence.	3.3
16-Jan-24	T. Montesano	Review WEPP proof of claims received; access Service Canada; update TIF.	0.5
17-Jan-24	B. Warga	Calls with J. Fritz re: building matters; status update to BDC.	1.1
17-Jan-24	J. Fritz	Attendance at Kromar; building maintenance and remediation; real estate correspondence; appointing creditor correspondence; pending customer correspondence; employee enquiries; insurance correspondence; former bookkeeper correspondence.	4.7
18-Jan-24	J. Fritz	Receivable collection compilation and correspondence; former bookkeeper correspondence; appraisal correspondence; pending customer correspondence; building maintenance management.	3.7
18-Jan-24	T. Montesano	Receive and review WEPP proof of claims; access service Canada to amend TIF.	0.3
19-Jan-24	B. Warga	Call with BDC and MLT Aikins re: file update; discussions with J. Fritz re: file matters; deposit.	1.6
19-Jan-24	J. Fritz	Update call with appointing creditor; identification, compilation, and distribution of realty proposal solicitation; correspondence with RBC's agent re: funds on deposit; outstanding receivables correspondence; correspondence with counsel; building maintenance direction.	3.9
20-Jan-24	J. Fritz	Remote application and data download from third-party bookkeeper; building maintenance correspondence.	0.4
22-Jan-24	B. Warga	Review of draft invoice (WCLC); review of correspondence re: insurance.	0.7
22-Jan-24	J. Fritz	Leased vehicles; life insurance; building maintenance; interested parties; payables; notice; mail.	3.1
22-Jan-24	T. Montesano	Review WEPP proof of claims; access Service Canada re: amend TIF re: Rueben Cohen.	0.2
23-Jan-24	J. Fritz	Interested party discussion; building maintenance matters; receivables correspondence.	2.3
23-Jan-24	L. Demchuk	Draft cheque requisition; enter payables for processing; correspondence with J Fritz.	0.5
23-Jan-24	T. Montesano	Receive and review WEPP proof of claims received; access Service Canada to update the TIFs.	0.3



Date	Staff	Comments	Hours
24-Jan-24	B. Warga	Discussion of file matters with J. Fritz; review of e-mail correspondence re: file matters; review of interested party submission.	0.6
24-Jan-24	J. Fritz	Site visit and third-party inventory review with management; interested parties site access and correspondence; statutory documentation matters; compilation and submission of payables; receivables matters.	4.2
24-Jan-24	L. Demchuk	Process payables; mail cheques and scan support to file.	0.4
24-Jan-24	T. Montesano	Receive and review proof of claims for J. Kowalson and A. Kowalson; access Service Canada and amend TIF forms.	0.2
25-Jan-24	J. Fritz	A/R correspondence; correspondence with J. Cohen re: building floorplan and third party/customer goods onsite.	1.9
26-Jan-24	J. Fritz	A/R correspondence; discussion with broker re: life insurance; employee enquiry; pending customer correspondence; secured claim correspondence.	1.3
26-Jan-24	L. Demchuk	Correspondence with J Fritz; draft cheque requisition; check bank account for incoming deposit.	0.2
28-Jan-24	J. Fritz	Interested parties' correspondence; appointing creditor draft correspondence.	1.3
29-Jan-24	B. Warga	Deposit; review correspondence to BDC re: offer to lease.	0.8
29-Jan-24	J. Fritz	Accounts receivable correspondence; pending customers; building maintenance; interested parties.	1.6
29-Jan-24	L. Demchuk	Record receipts and prepare deposit slips; prepare and process payable.	0.6
30-Jan-24	J. Fritz	Site attendance and interested parties' meetings and correspondence; building maintenance; third-party goods, RBC, and A/R matters.	4.0
30-Jan-24	L. Demchuk	Enter payables for processing and send cheques for signing; check bank account online.	0.3
31-Jan-24	J. Fritz	Interested parties and CRA correspondence; life insurance review and correspondence; third-party goods matters.	1.3
31-Jan-24	L. Demchuk	Check bank account online; correspondence with J Fritz; print and mail cheques; scan support for file.	0.5
1-Feb-24	J. Fritz	Site attendance for interested parties, asset verification, and employee records; 30-day goods correspondence.	2.3
2-Feb-24	J. Fritz	CRA, third party goods, A/R, secured creditor correspondence.	1.8
2-Feb-24	L. Demchuk	Draft cheque requisition and wire payment form; correspondence with J Fritz.	0.3
3-Feb-24	J. Fritz	Review and compilation of real estate proposals received.	1.7
4-Feb-24	B. Warga	Review of realtor submissions and summary.	1.0



Date	Staff	Comments	Hours
5-Feb-24	B. Warga	Call with WCLC re: inventories; discussion of file matters with J. Fritz; review of update to BDC.	1.6
5-Feb-24	J. Fritz	Third-party goods logistics; appraisal correspondence; update to appointing creditor.	2.4
6-Feb-24	B. Warga	Call with McDougall Auctioneers re: equipment appraisal.	0.5
6-Feb-24	J. Fritz	A/R correspondence; pending customer and third-party logistics; appraisal call.	1.9
7-Feb-24	B. Warga	Discussion of file matters with J. Fritz; review of various e-mail correspondence re: file matters (chemicals, a/r, appraisal, etc.).	0.7
7-Feb-24	J. Fritz	Attendance onsite re: third-party and pending customer property; creditor enquiries; CRA correspondence; building maintenance matters; A/R correspondence.	4.2
8-Feb-24	J. Fritz	Attendance onsite re: third party, pending customer, building maintenance matters.	3.7
9-Feb-24	B. Warga	Call with interested party.	0.5
9-Feb-24	J. Fritz	Interested parties' correspondence; asset compilation; building maintenance matters.	2.2
10-Feb-24	J. Fritz	Interested parties' correspondence.	0.2



Tel: 204 956 7200
www.bdo.ca

BDO Canada Limited
201 Portage Ave, 26th Floor
Winnipeg, MB R3B 3K6

Strictly Private & Confidential

Business Development Bank of Canada
Business Restructuring
81 Bay Street, Unit 3700
Toronto, ON M5J 0E7

Attention: Lori Matson, Director Business Restructuring

Date	Invoice
April 25, 2024	CINV2838252 CUS0079408

RE: Kromar Printing Ltd. - Receivership

TO OUR FEE FOR PROFESSIONAL SERVICES for the work performed in accordance with the Court Appointed Receivership proceedings for the period February 12, 2024 to April 22, 2024 in the above noted matter.

Our Fee	\$	41,660.00
GST/HST (5%) 101518124RT0001		2,083.00
TOTAL	\$	43,743.00

Summary of Time Charges:

	Hours	Rate	Amount
B. Warga, Partner	16.9	550.00	9,295.00
J. Fritz, Sr. Manager	66.9	450.00	30,105.00
T. Montesano, Sr. Associate	1.2	300.00	360.00
L. Demchuck, Technician	9.0	200.00	1,800.00
C. Hobson, Technician	0.5	200.00	100.00
Total	94.5		\$ 41,660.00



Date	Staff	Comments	Hours
12-Feb-24	B. Warga	Review of mail; deposit.	0.5
12-Feb-24	J. Fritz	A/R correspondence and response review; WEPPA administration and former employee calls; R&D processing.	2.1
12-Feb-24	L. Demchuk	Process payable; print cheque and mail; scan support to file; check bank account; correspondence with J Fritz; prepare deposit slip.	0.6
13-Feb-24	B. Warga	Review of life insurance policy matters and correspondence to BDC; discussions with J. Fritz re: file matters.	0.6
13-Feb-24	J. Fritz	Review of Company held life insurance; electronic file compilation; third party correspondence; A/R and pending customer correspondence; building maintenance matters.	3.4
13-Feb-24	L. Demchuk	Prepare deposits; correspondence with Versabank.	0.4
14-Feb-24	J. Fritz	Appointing creditor correspondence; A/R correspondence.	0.9
14-Feb-24	L. Demchuk	Print cheques and mail; scan support to file.	0.5
15-Feb-24	J. Fritz	Attendance at Kromar: asset realization matters; life insurance correspondence with appointing secured creditor and debtor principal.	2.7
16-Feb-24	J. Fritz	Payworks correspondence; building maintenance matters; payable requests.	1.2
16-Feb-24	L. Demchuk	Email from Versabank; record receipts in Ascend; correspondence with J Fritz.	0.3
20-Feb-24	J. Fritz	Attendance onsite; third-party goods; payables administration.	0.7
20-Feb-24	L. Demchuk	Draft cheque requisition; enter payables for processing.	0.3
21-Feb-24	B. Warga	Review of correspondence to/from Payworks.	0.5
21-Feb-24	J. Fritz	Management correspondence re: life insurance; A/R correspondence.	0.7
21-Feb-24	L. Demchuk	Process payments in Ascend; print and mail cheques; scan support to file.	0.3
22-Feb-24	J. Fritz	A/R correspondence and payment coordination.	1.7
22-Feb-24	L. Demchuk	Check bank account for incoming funds; correspondence with Versabank.	0.2
23-Feb-24	J. Fritz	Appraisal correspondence; chemical disposal matters; A/R correspondence; life insurance correspondence.	1.3
23-Feb-24	T. Montesano	Receive and enter proof of claim; receive WEPP payment approvals; update spreadsheet accordingly.	0.4
24-Feb-24	J. Fritz	Life insurance correspondence; creditor correspondence.	0.3
25-Feb-24	B. Warga	Review of LOI re: property.	0.3
26-Feb-24	B. Warga	Draft R&D; correspondence to BDC re: same.	0.7



Date	Staff	Comments	Hours
26-Feb-24	J. Fritz	Correspondence with counsel; life insurance correspondence; building maintenance correspondence; payable requests.	1.1
27-Feb-24	B. Warga	Call with Cushman re: LOI; review of McDougall Auctioneers proposal; discussion of file matters with J. Fritz; review of update to BDC.	1.6
27-Feb-24	J. Fritz	Appointing creditor, interested party, CRA, appraisal correspondence.	1.7
27-Feb-24	L. Demchuk	Check bank account for incoming funds.	0.1
27-Feb-24	C. Hobson	Trust accounting.	0.1
28-Feb-24	B. Warga	Call with McDougall Auctioneers re: proposal; review of correspondence from J. Fritz re: interested parties.	0.7
28-Feb-24	J. Fritz	Appraisal, interested parties, realization process, creditor, employee, and investment correspondence; building maintenance and payables matters.	1.6
28-Feb-24	L. Demchuk	Check bank account for incoming funds.	0.1
29-Feb-24	B. Warga	Review of disbursements; discussion of file matters with J. Fritz.	0.6
29-Feb-24	L. Demchuk	Draft cheque requisition; enter payables for processing; print and mail cheques; scan support to file; correspondence with B. Warga, J. Fritz, D. Lewis, M. Kozlowski re: payment processing; check bank account for incoming funds.	1.0
1-Mar-24	J. Fritz	Building maintenance and payables; creditor enquiry.	0.3
1-Mar-24	L. Demchuk	Process wire payment request.	0.3
4-Mar-24	B. Warga	Call with interested party re: equipment; discussion with J. Fritz re: file matters; review of e-mail correspondence to BDC.	1.2
4-Mar-24	J. Fritz	Interested parties correspondence; appointing creditor update; building maintenance and payables.	1.4
4-Mar-24	L. Demchuk	Print cheque; scan support for file.	0.1
4-Mar-24	T. Montesano	Receive and review WEPP proof of claim; enter and admit in Service Canada website.	0.3
5-Mar-24	B. Warga	Discussion of file matters with J. Fritz re: asset realizations.	0.5
5-Mar-24	J. Fritz	Third party goods; inventory disposal correspondence; building maintenance matters.	1.3
6-Mar-24	B. Warga	Update call with BDC re: equipment and building realization strategy; preparation for same.	1.1
6-Mar-24	J. Fritz	Interested party correspondence; call with appointing secured creditor.	0.8
7-Mar-24	J. Fritz	Correspondence with interested parties re: inventory; third party goods correspondence; building maintenance and utility matters.	1.6
8-Mar-24	B. Warga	Call with interested party re: real property.	0.8



Date	Staff	Comments	Hours
8-Mar-24	J. Fritz	Onsite attendance re: chemical and ink inventory; building maintenance items; interested party call.	2.5
8-Mar-24	L. Demchuk	Check bank account; correspondence with J. Fritz and B. Warga.	0.2
9-Mar-24	J. Fritz	Correspondence re: ink and chemical inventory.	0.2
11-Mar-24	B. Warga	Discussion with J. Fritz re: file matters; drafting of NRV.	0.5
11-Mar-24	J. Fritz	Correspondence with insurer re: annual premium; security review; correspondence with counsel.	0.9
11-Mar-24	L. Demchuk	Draft cheque requisition for approval.	0.2
12-Mar-24	J. Fritz	Building maintenance matters; life insurance review and correspondence; GST filing; correspondence with counsel.	1.9
13-Mar-24	B. Warga	Correspondence to/from interested party; discussion of file matters with J. Fritz.	0.8
13-Mar-24	C. Hobson	Trust accounting.	0.2
13-Mar-24	J. Fritz	Building maintenance and vendor matters; accounts receivable matters; life insurance correspondence; interested parties correspondence; correspondence with counsel.	2.7
13-Mar-24	L. Demchuk	Correspondence with C. Hobson and J. Fritz re: coding of receipts in Ascend; check bank account; draft cheque requisition.	0.6
14-Mar-24	B. Warga	Review of correspondence to Pitblado re: APA.	0.3
14-Mar-24	J. Fritz	Building maintenance correspondence; payables administration; investment correspondence; interested parties/sale correspondence; A/R update.	2.9
14-Mar-24	L. Demchuk	Process payables; print and mail cheques; scan support to file.	0.3
15-Mar-24	B. Warga	Call with interested party; discussion of file matters with J. Fritz.	0.6
15-Mar-24	J. Fritz	Building maintenance logistics; call and correspondence with counsel; pending customer order correspondence; interested party correspondence; chemical correspondence.	2.3
15-Mar-24	L. Demchuk	Process deposit; update receipts in Ascend; check bank account.	0.2
18-Mar-24	B. Warga	Discussion of file matters with J. Fritz.	0.3
18-Mar-24	C. Hobson	Trust accounting.	0.1
18-Mar-24	J. Fritz	Building maintenance matters.	0.3
18-Mar-24	L. Demchuk	Correspondence with J Fritz; draft cheque requisition and process payable; arrange for courier of payment.	0.5
19-Mar-24	B. Warga	Review of draft APA; call with Pitblado re: same.	1.1
19-Mar-24	J. Fritz	Call with counsel; sales process and APA edits; building maintenance items and attendance; secured asset review.	2.3
20-Mar-24	J. Fritz	Chemical disposal matters; pending customer correspondence.	0.6



Date	Staff	Comments	Hours
20-Mar-24	L. Demchuk	Check bank account; record deposits in Ascend.	0.2
21-Mar-24	J. Fritz	Onsite materials and building maintenance correspondence.	0.7
21-Mar-24	L. Demchuk	Draft cheque requisition for approval.	0.2
22-Mar-24	L. Demchuk	Process payables; print cheques and mail; scan support to file.	0.8
25-Mar-24	J. Fritz	Chemical and ink inventory matters; correspondence with appointing secured creditor.	0.8
26-Mar-24	B. Warga	Review of draft purchase agreement (equipment); correspondence with J. Fritz re: file matters.	0.7
26-Mar-24	J. Fritz	Attendance at Kromar re: interested party meeting and asset review / third-party assets; purchase agreement review; counsel correspondence.	2.6
27-Mar-24	J. Fritz	Personal property agreement provisions review; counsel correspondence; correspondence with interested party.	0.7
1-Apr-24	J. Fritz	Correspondence from insurer re: endorsement.	0.2
2-Apr-24	J. Fritz	CRA enquiry; building maintenance and other payable compilation and review; interested party correspondence.	0.9
2-Apr-24	T. Montesano	Call with E. Lamirande re: WEPP claimant re: accessing Service Canada site; resend link to Service Canada site.	0.2
3-Apr-24	J. Fritz	Interested party correspondence; accounts receivable; 3rd party goods; building matters; RBC account correspondence.	2.3
3-Apr-24	L. Demchuk	Draft cheque requisition for approval; prepare wire transfer request.	0.3
4-Apr-24	L. Demchuk	Submit wire transfer request; enter payables for processing; print cheques and mail; scan support to file.	0.8
5-Apr-24	J. Fritz	Chemical matters; interested parties correspondence.	0.4
8-Apr-24	J. Fritz	Chemical disposal logistics and correspondence; interested parties correspondence.	0.6
9-Apr-24	J. Fritz	Interested party correspondence and call; chemical logistics; third-party items.	1.4
10-Apr-24	J. Fritz	APA review and commentary; interested parties correspondence.	2.6
11-Apr-24	B. Warga	Review and comments on APA; discussion of same with J. Fritz.	0.4
11-Apr-24	J. Fritz	Correspondence to counsel.	0.5
11-Apr-24	L. Demchuk	Draft cheque requisition.	0.2
12-Apr-24	B. Warga	Attendance on-site re: chemical removal; call with Pitblado re: APA; prep for same.	1.6
12-Apr-24	J. Fritz	Call with counsel; APA matters; interested parties correspondence; chemical removal correspondence.	1.5
12-Apr-24	L. Demchuk	Process payable; print and mail cheque; scan support to file.	0.3



Date	Staff	Comments	Hours
14-Apr-24	B. Warga	Correspondence to/from MLT Aikins re: APA's and excluded/included assets.	0.6
15-Apr-24	J. Fritz	Chemical removal logistics; WEPP enquiry; interested party correspondence.	0.3
15-Apr-24	T. Montesano	Receipt of WEPP payment approval from Service Canada; update WEPP spreadsheet accordingly.	0.3
16-Apr-24	B. Warga	Discussion of file matters with J. Fritz.	0.4
16-Apr-24	J. Fritz	Attendance at Kromar; interested party meeting; third-party and secured creditor correspondence; pending sale correspondence.	1.9
17-Apr-24	J. Fritz	Building maintenance matters; supplier correspondence and report review.	0.8
18-Apr-24	J. Fritz	Onsite attendance re: chemical disposal; interested parties correspondence; building maintenance matters.	5.4
18-Apr-24	C. Hobson	Trust accounting.	0.1
19-Apr-24	J. Fritz	Building maintenance and third-party goods correspondence.	0.3
22-Apr-24	B. Warga	Review of APA.	0.5
22-Apr-24	J. Fritz	APA review; correspondence with counsel; interested party correspondence.	1.6



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Business Development Bank of Canada
Business Restructuring
81 Bay Street, Unit 3700
Toronto, ON M5J 0E7

Attention: Lori Matson, Director Business Restructuring

Date	Invoice
August 6, 2024	CINV3037731 CUS0079408

RE: Kromar Printing Ltd. - Receivership

TO OUR FEE FOR PROFESSIONAL SERVICES for the work performed in accordance with the Court Appointed Receivership proceedings in the above noted matter.

Our Fee	\$ 27,325.00
Subtotal	27,325.00
GST/HST (5%) 101518124RT0001	1,366.25
TOTAL	\$ 28,691.25

Summary of Time Charges:

	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
B. Warga, Partner	13.9	550.00	7,645.00
J. Fritz, Sr. Manager	41.2	450.00	18,540.00
L. Demchuck, Sr. Associate	5.7	200.00	1,140.00
Total	<u>60.8</u>		<u>\$ 27,325.00</u>



Staff	Date	Comments	Hours
B. Warga	2024-04-23	Call with counsel re: APA.	0.5
J. Fritz	2024-04-23	APA review and edits; correspondence with counsel.	1.1
L. Demchuk	2024-04-23	Draft cheque requisition and enter payables in Ascend.	0.3
J. Fritz	2024-04-24	Interested party correspondence; CRA enquiry; building maintenance matters.	1.6
J. Fritz	2024-04-25	Building maintenance, interested party, and CRA correspondence; statutory filings.	0.7
J. Fritz	2024-04-26	Interested parties correspondence; building maintenance correspondence.	0.6
L. Demchuk	2024-04-26	Enter payables for processing; discussion with D. Lewis re: payable approval.	0.3
B. Warga	2024-04-29	Updates to R&D; review of e-mail correspondence re: file matters.	0.5
J. Fritz	2024-04-29	Statutory filings; building payables correspondence; chemical removal correspondence.	1.4
L. Demchuk	2024-04-29	Process deposit; draft cheque requisition for approval.	0.4
J. Fritz	2024-04-30	Chemical disposal matters; interested party correspondence.	0.5
L. Demchuk	2024-04-30	Draft wire request form for signing.	0.1
B. Warga	2024-05-01	Discussion of file matters with J. Fritz; discussion of options re: equipment; correspondence to/from Pitblado re: APA.	0.5
J. Fritz	2024-05-01	Interested party correspondence; appraisal and offer review; correspondence with counsel.	1.6
B. Warga	2024-05-02	Draft update to BDC re: file status matters; discussion of file matters with J. Fritz.	0.6
J. Fritz	2024-05-02	Correspondence to appointing creditor; prospective purchaser discussion re: environmental report; equipment interested party correspondence; correspondence with counsel.	1.3
J. Fritz	2024-05-03	Correspondence with interested parties; correspondence with counsel; building maintenance matters; collateral secured creditors correspondence.	0.7
B. Warga	2024-05-06	Review of correspondence to Pinchin re: Phase II.	0.2
J. Fritz	2024-05-06	Interested party correspondence; building maintenance matters; environmental consultant report/quote review and correspondence.	1.4
B. Warga	2024-05-07	Draft correspondence to BDC re: R&D and invoice.	0.3
J. Fritz	2024-05-07	Correspondence with counsel.	0.4
J. Fritz	2024-05-08	Correspondence with counsel.	0.2
L. Demchuk	2024-05-08	Process payables; print and mail cheques, scan support to file.	0.6
B. Warga	2024-05-09	Call with Pinchin re: environmental matters.	1.0



Staff	Date	Comments	Hours
J. Fritz	2024-05-09	Environmental consultant correspondence.	1.3
J. Fritz	2024-05-10	Building maintenance matters; environmental correspondence.	0.6
J. Fritz	2024-05-13	Attendance at Kromar re: personal property liquidation; environmental correspondence; correspondence to counsel to J. Cohen re: J. Cohen site attendance.	1.6
B. Warga	2024-05-14	Discussion with J. Fritz re: file matters.	0.3
J. Fritz	2024-05-15	Correspondence re: environmental and city remediation matters.	0.4
J. Fritz	2024-05-16	MHS call.	0.2
J. Fritz	2024-05-21	Building maintenance correspondence.	0.2
B. Warga	2024-05-24	Call with realtor; review of APA; e-mail correspondence with BDC.	0.8
J. Fritz	2024-05-24	Correspondence with counsel; correspondence with realtor re: building.	0.6
B. Warga	2024-05-27	Call with BDC re: file status; e-mail correspondence to/from realtor re: APA; review of APA.	0.8
J. Fritz	2024-05-27	Update to appointing secured creditor; historian correspondence; environmental consultant correspondence.	0.9
B. Warga	2024-05-28	Correspondence to/from realtor and BDC re: APA and counter-offer.	0.7
J. Fritz	2024-05-28	Onsite attendance re: equipment; building correspondence; correspondence with counsel.	1.7
L. Demchuk	2024-05-28	Record receipt in Ascend; email to T. Kelly re same.	0.1
Tara Kelly	2024-05-28	Trust accounting.	0.1
L. Demchuk	2024-05-29	Prepare cheque requisition; process payables; print cheques and scan support to file; mail cheques.	0.4
B. Warga	2024-05-31	Call with Pinchin re: testing.	0.5
J. Fritz	2024-05-31	Correspondence with environmental consultant; GST filing.	0.6
J. Fritz	2024-06-04	Correspondence with historian re: "as built" drawings and permit search; direction to R. Cohen re: site visit.	0.4
L. Demchuk	2024-06-04	Draft cheque requisition and wire payment request for approval.	0.2
L. Demchuk	2024-06-05	Submit wire payment request; forward confirmation; record in Ascend.	0.2
B. Warga	2024-06-07	Correspondence to/from Pitblado re: APA.	0.3
J. Fritz	2024-06-09	Statutory reporting BIA s. 246(2).	0.5
B. Warga	2024-06-11	Correspondence to/from realtor re: APA.	0.2
J. Fritz	2024-06-12	GST audit compilation; environmental assessment matters.	1.1
J. Fritz	2024-06-13	CRA correspondence.	0.3



Staff	Date	Comments	Hours
J. Fritz	2024-06-14	Equipment and interested party correspondence.	0.7
B. Warga	2024-06-18	Review of APA; correspondence to/from Pitblado re: same; correspondence to BDC re: same.	0.8
J. Fritz	2024-06-18	APA review; commentary thereon; environmental correspondence; correspondence with counsel.	1.4
B. Warga	2024-06-19	Call with Pitblado re: offer; correspondence to BDC re: accounts; review of Pinchin proposal; call with J. Fritz re: same.	1.1
J. Fritz	2024-06-19	Environmental assessment agreement review and correspondence; appointing secured creditor correspondence; correspondence with counsel.	2.1
L. Demchuk	2024-06-19	Draft cheque requisition for approval and enter payables for processing; print cheques and mail; scan support; correspondence with B. Warga and J. Fritz.	0.6
J. Fritz	2024-06-20	McDougall Auctioneers correspondence.	0.2
J. Fritz	2024-06-23	Building maintenance matters: alarm issues.	1.0
J. Fritz	2024-06-24	Equipment correspondence with interested parties.	0.5
L. Demchuk	2024-06-25	Email; check bank account for incoming funds.	0.1
J. Fritz	2024-06-26	CRA (GST) filings.	0.2
L. Demchuk	2024-06-26	Record receipt; generate deposit slip.	0.2
L. Demchuk	2024-06-27	Check account for incoming funds; emails.	0.1
J. Fritz	2024-06-28	Building maintenance matters; correspondence to R. Cohen and MTS re: alarm.	0.4
L. Demchuk	2024-06-28	Record receipt in Ascend; emails.	0.2
J. Fritz	2024-07-02	Correspondence with legal counsel; McDougal Auctioneers correspondence re: equipment.	0.7
B. Warga	2024-07-04	Drafting of update to BDC re: building, equipment, and environmental consultant.	0.6
J. Fritz	2024-07-04	Appointing creditor correspondence re: environmental and asset realization.	0.7
J. Fritz	2024-07-05	Site attendance re: alarm.	1.0
B. Warga	2024-07-08	Correspondence to/from BDC and MLT Aikins re: APA; correspondence with Pitblado re: same; discussion with J. Fritz re: Pinchin; review and updates to McDougall proposal.	1.1
J. Fritz	2024-07-08	Correspondence with counsel; asset sale correspondence; personal property agreement review; environmental inspection agreement and correspondence.	1.9
L. Demchuk	2024-07-08	Draft cheque requisition.	0.2
B. Warga	2024-07-10	Review of APA; call with Pitblado re: auction/asset sale agreement.	1.7



Staff	Date	Comments	Hours
J. Fritz	2024-07-10	Correspondence with counsel; correspondence with McDougall Auctioneers re: personal property agreement.	0.7
L. Demchuk	2024-07-10	Enter and process payables; print cheques and mail; scan support to file.	0.4
B. Warga	2024-07-11	Review and execution of final APA.	0.3
L. Demchuk	2024-07-17	Draft cheque requisition for approval; enter payables for processing; correspondence with J. Fritz and B. Warga re same.	0.3
L. Demchuk	2024-07-18	Print and mail cheques; scan support to file.	0.2
B. Warga	2024-07-23	Correspondence with realtor re: call with Purchaser; call and e-mail correspondence with McDougall Auctioneers re: equipment removal.	0.7
J. Fritz	2024-07-24	Correspondence with interested party re: personal property.	0.4
B. Warga	2024-07-25	Call with Purchaser re: vacating premises and environmental update.	0.2
J. Fritz	2024-07-25	Building purchaser call; environmental consultant and historian correspondence; personal property correspondence.	0.7
L. Demchuk	2024-07-25	Record receipts and generate deposit slip.	0.2
J. Fritz	2024-07-26	GST filing; equipment correspondence.	0.3
J. Fritz	2024-07-29	Third party goods correspondence; personal property agreement requested edits and incorporation; correspondence with personal property interested party; building maintenance matters.	2.1
L. Demchuk	2024-07-29	Draft cheque requisition; record and process payables; print and mail cheques; scan support to file.	0.3
L. Demchuk	2024-07-30	Record receipt and generate deposit slip.	0.2
J. Fritz	2024-07-31	Attendance at 725 Portage Avenue to release third-party goods; third-party and asset removal correspondence.	1.4
B. Warga	2024-08-01	Discussion with J. Fritz re: file matters and on-site attendance with Cohens.	0.2
J. Fritz	2024-08-01	Attendance onsite and correspondence re: third-party goods and equipment; insurance correspondence; building maintenance matters.	2.9



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Business Development Bank of Canada
Business Restructuring
81 Bay Street, Unit 3700
Toronto, ON M5J 0E7

Attention: Lori Matson, Director Business Restructuring

Date	Invoice
October 9, 2024	CINV3118536 CUS0079408

RE: Kromar Printing Ltd. - Receivership

TO OUR FEE FOR PROFESSIONAL SERVICES for the work performed in accordance with the Court Appointed Receivership proceedings in the above noted matter.

Our Fee	\$ 24,510.00
Subtotal	24,510.00
GST/HST (5%) 101518124RT0001	1,225.50
TOTAL	\$ 25,735.50

Summary of Time Charges:

	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
B. Warga, Partner	12.4	550.00	6,820.00
J. Fritz, Sr. Manager	37.4	450.00	16,830.00
L. Demchuck, Sr. Associate	4.3	200.00	860.00
Total	<u>54.1</u>		<u>\$ 24,510.00</u>



Staff	Date	Comments	Hours
B. Warga	2024-08-02	Update to BDC; discussion with J. Fritz re: equipment removal.	0.5
L. Demchuk	2024-08-02	Draft cheque requisition and prepare wire request form for approval.	0.3
J. Fritz	2024-08-02	Third party goods matters; attendance onsite re: personal property.	2.1
J. Fritz	2024-08-06	Interested party correspondence re: equipment and personal property; environmental correspondence and document review.	0.9
J. Fritz	2024-08-07	Onsite attendance re: equipment and personal property process, environmental consultant meeting; asset transfer documentation re: equipment.	4.9
J. Fritz	2024-08-08	Attendance onsite re: equipment matters and building maintenance.	0.9
J. Fritz	2024-08-09	Attendance onsite; meeting with G. Kopec; asset transfer correspondence; interested party follow-up; third-party goods identification.	2.9
L. Demchuk	2024-08-09	Process deposit.	0.2
B. Warga	2024-08-12	Attendance at Kromar; meeting with G. Kopec; photographing IT equipment; updates to R&D.	2.2
J. Fritz	2024-08-12	Insurance review and correspondence with broker re: renewal; equipment removal correspondence; building maintenance matters and payables; RBC account review.	2.1
B. Warga	2024-08-13	Attendance on-site re: alarm; various correspondence to/from contractors re: site matters; correspondence with J. Fritz re: equipment offer.	1.1
B. Warga	2024-08-14	Correspondence with J. Fritz re: insurance matters; correspondence to/from contractor re: building/alarm matters.	0.8
J. Fritz	2024-08-14	Insurance correspondence; building maintenance matters; equipment interest/removal administration.	1.4
L. Demchuk	2024-08-14	Draft cheque requisition for approval; process payables; print and mail cheques; scan support to file.	0.5
B. Warga	2024-08-16	Correspondence with Pitblado re: APA condition waiver; drafting of sales invoice.	0.8
J. Fritz	2024-08-19	Call with counsel re: building sale; personal property correspondence re: interested parties.	0.9
J. Fritz	2024-08-20	Building purchaser correspondence; correspondence with counsel.	0.5
B. Warga	2024-08-21	Attendance at Kromar; discussions with G. Kopec and J. Fritz re: asset removal and asset sales; correspondence to/from Pitblado re: APA condition waiver.	1.2
J. Fritz	2024-08-21	Onsite attendance at facility re: equipment and inventory matters.	0.7
B. Warga	2024-08-22	Review of correspondence to/from creditor; review of correspondence to/from legal counsel re: APA; review of insurance correspondence.	0.8



Staff	Date	Comments	Hours
J. Fritz	2024-08-22	Third party correspondence; insurance correspondence re: ongoing coverage; building maintenance matters.	1.8
B. Warga	2024-08-23	Correspondence to/from J. Fritz re: file matters.	0.3
J. Fritz	2024-08-23	Pinchin call re: environmental assessment; B. Warga update; CRA correspondence re: account access.	0.9
L. Demchuk	2024-08-23	Draft cheque requisition form; enter and process payables; print cheques and mail; scan support to file.	0.5
B. Warga	2024-08-26	Insurance matters and discussions with J. Fritz re: same	0.3
J. Fritz	2024-08-26	Insurance renewal correspondence.	0.4
B. Warga	2024-08-28	Correspondence to/from legal counsel re: Pinchin update; correspondence to/from J. Fritz re: Purchaser request for City of Winnipeg letter authorization.	0.5
B. Warga	2024-09-03	Correspondence to/from Pitblado re: APA; review of Pinchin agreement; discussion of file matters with J. Fritz	0.9
J. Fritz	2024-09-03	Building maintenance matters; sales process correspondence; correspondence with counsel.	0.9
B. Warga	2024-09-04	Review of Pinchin Agreement; correspondence to/from City of Winnipeg.	0.6
J. Fritz	2024-09-04	Environmental assessment correspondence; insurance correspondence; City correspondence re: sales process.	0.6
L. Demchuk	2024-09-04	Prepare cheque requisition; draft wire request form for approval; correspondence with Versabank; enter and process payables; print and mail cheques; scan support to file.	0.6
B. Warga	2024-09-05	Correspondence to/from Pitblado re: APA matters.	0.4
B. Warga	2024-09-06	Execution of authorization re: City of Winnipeg.	0.2
B. Warga	2024-09-09	Correspondence to/from Pitblado re: APA matters.	0.3
B. Warga	2024-09-11	Updates to R&D; drafting of update to BDC.	0.9
J. Fritz	2024-09-11	Primary secured creditor update edits and distribution; correspondence with counsel.	0.6
L. Demchuk	2024-09-11	Draft cheque requisition; enter payable for processing.	0.2
L. Demchuk	2024-09-12	Trust accounting.	0.1
L. Demchuk	2024-09-16	Print and mail cheque; scan support to file.	0.2
J. Fritz	2024-09-17	Environmental correspondence; building maintenance and payables correspondence.	0.5
J. Fritz	2024-09-18	Site management correspondence; equipment removal meeting; provincial work order correspondence.	0.8



Staff	Date	Comments	Hours
L. Demchuk	2024-09-18	Draft cheque requisition; record payables for processing; trust accounting; emails; correspondence with Versabank; print cheques and prepare for mailing; scan support to file.	0.7
L. Demchuk	2024-09-19	Post incoming wire funds to Ascend; email correspondence re: same.	0.1
J. Fritz	2024-09-20	Manitoba Inspection and Technical services correspondence; elevator and boiler maintenance correspondence.	1.2
L. Demchuk	2024-09-20	Draft cheque requisition; record and process payable.	0.2
J. Fritz	2024-09-23	Contractor onsite meeting re: work order matters.	2.2
L. Demchuk	2024-09-23	Print and mail cheques; scan support to file.	0.2
B. Warga	2024-09-24	Review of correspondence to counsel re: outstanding orders; discussion of file matters with J. Fritz.	0.4
J. Fritz	2024-09-24	Equipment sale correspondence; work order correspondence; correspondence with counsel.	1.9
J. Fritz	2024-09-25	Statutory OSB filing.	0.2
J. Fritz	2024-09-26	Onsite attendance re: purchaser's inspection; third-party goods release; environmental inspection; equipment and interested parties matters.	2.9
L. Demchuk	2024-09-26	Draft cheque requisition for approval; enter payable in Ascend.	0.2
J. Fritz	2024-09-27	Onsite attendance re: Purchaser's inspection.	0.5
L. Demchuk	2024-09-27	Process payable.	0.1
L. Demchuk	2024-09-28	Trust accounting.	0.1
B. Warga	2024-09-30	Review of correspondence from J. Fritz re: insurance.	0.2
J. Fritz	2024-09-30	Insurance correspondence.	0.4
J. Fritz	2024-10-01	Onsite attendance re: boiler maintenance; equipment removal status.	0.7
J. Fritz	2024-10-02	Insurance correspondence.	0.3
L. Demchuk	2024-10-02	Process payable.	0.1
J. Fritz	2024-10-03	Onsite meeting with Purchaser; equipment liquidation matters.	2.6
J. Fritz	2024-10-04	Payables processing; building maintenance matters; discussion with Pinchin re: findings and next steps.	0.7



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Business Development Bank of Canada
Business Restructuring
81 Bay Street, Unit 3700
Toronto, ON M5J 0E7

Attention: Lori Matson, Director Business Restructuring

Date	Invoice
December 23, 2024	CINV3218316 CUS0079408

RE: Kromar Printing Ltd. - Receivership

TO OUR FEE FOR PROFESSIONAL SERVICES for the work performed in accordance with the Court Appointed Receivership proceedings in the above noted matter.

Our Fee	\$ 30,895.00
Disbursements (Mail Redirection)	294.00
Subtotal	31,189.00
GST/HST (5%) 101518124RT0001	1,559.45
TOTAL	\$ 32,748.45

Summary of Time Charges:

	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
B. Warga, Partner	20.4	550.00	11,220.00
J. Fritz, Sr. Manager	42.3	450.00	19,035.00
L. Demchuck, Sr. Associate	3.2	200.00	640.00
Total	<u>65.9</u>		<u>\$ 30,895.00</u>



Staff	Date	Comments	Hours
B. Warga	2024-10-07	Discussion with J. Fritz re: boiler issues; review of email correspondence re: same; billing.	1.1
J. Fritz	2024-10-07	Building maintenance matters.	0.4
B. Warga	2024-10-08	Review of correspondence and discussions with J. Fritz re: boiler repairs.	0.3
L. Demchuk	2024-10-08	Draft cheque requisition for approval; record and process payables.	0.3
B. Warga	2024-10-09	Review of boiler correspondence; billing matters.	0.2
J. Fritz	2024-10-09	Insurance correspondence.	0.2
L. Demchuk	2024-10-09	Process payable; print cheque; scan support to file.	0.2
B. Warga	2024-10-10	Discussions of file matters with J. Fritz; file update to BDC.	1.1
J. Fritz	2024-10-10	Insurance correspondence; primary secured creditor update; building maintenance correspondence.	0.7
B. Warga	2024-10-11	Correspondence to/from BDC re: file matters.	0.2
J. Fritz	2024-10-11	Insurance correspondence re: alternate coverage; Pinchin correspondence re: additional preliminary proposal.	0.4
J. Fritz	2024-10-15	Building repair and maintenance correspondence.	0.3
L. Demchuk	2024-10-15	Draft cheque requisition; record payables for processing.	0.3
B. Warga	2024-10-16	Correspondence with J. Fritz re: building matters.	0.6
J. Fritz	2024-10-16	Meeting with boiler and heating contractors onsite; correspondence with counsel; real property purchaser correspondence.	1.9
B. Warga	2024-10-17	Call with realtor re: boiler issues; review of e-mail correspondence re: file matters.	0.4
J. Fritz	2024-10-17	Call with realtor re: building matters; boiler contractor correspondence.	0.5
L. Demchuk	2024-10-17	Payables processing.	0.1
B. Warga	2024-10-18	Call with Purchaser re: boiler matters; call with BDC re: status update.	1.6
J. Fritz	2024-10-18	Call with purchaser re: utility and environmental matters; update call with primary secured creditor; co-ordination of site access re: purchaser's contractor.	1.7
L. Demchuk	2024-10-18	Draft cheque requisition; record payables in Ascend; print and mail cheques; scan support to file.	0.3
J. Fritz	2024-10-21	Onsite attendance re: Purchaser's contractor site visit; J. Hansen correspondence re: boiler.	0.9
B. Warga	2024-10-22	Review of correspondence re: building maintenance matters.	0.3
J. Fritz	2024-10-22	Heating correspondence; correspondence with counsel.	0.4



Staff	Date	Comments	Hours
B. Warga	2024-10-23	Correspondence with J. Fritz re: building maintenance matters.	0.4
J. Fritz	2024-10-23	Onsite attendance with Purchaser re: heating contractor meeting; correspondence with Purchaser and heating contractors.	2.1
J. Fritz	2024-10-24	Building maintenance correspondence.	0.3
J. Fritz	2024-10-25	Building correspondence; Province correspondence and compilation of HET information.	0.4
B. Warga	2024-10-28	Discussions with J. Fritz re: building maintenance matters.	0.3
J. Fritz	2024-10-28	Building maintenance matters; CRA correspondence re: file status.	0.5
J. Fritz	2024-10-29	Building maintenance correspondence.	0.3
B. Warga	2024-10-30	Review of correspondence re: building heating; discussions with J. Fritz re: same.	0.5
J. Fritz	2024-10-30	Building maintenance correspondence with contractor and Purchaser re: boiler matters.	0.7
L. Demchuk	2024-10-30	Draft cheque requisition; record and process payable in Ascend.	0.2
J. Fritz	2024-10-31	Purchaser correspondence; building maintenance matters.	0.4
L. Demchuk	2024-10-31	Print and mail cheque; scan support to file.	0.2
B. Warga	2024-11-01	Discussion of file matters with J. Fritz.	0.3
J. Fritz	2024-11-01	Building maintenance matters.	0.2
J. Fritz	2024-11-04	Secured creditor correspondence; correspondence with counsel; correspondence with Purchaser re: site access.	0.5
B. Warga	2024-11-05	Attendance onsite to view premises re: equipment removal; review of heating quotes; call with Purchaser.	1.6
J. Fritz	2024-11-05	Correspondence with Purchaser re: building matters and site visit; building maintenance matters.	0.9
B. Warga	2024-11-06	Call with BDC re: building update; review of e-mail correspondence re: same; discussion of file matters with J. Fritz.	1.3
J. Fritz	2024-11-06	Call and correspondence with appointing secured creditor re: building and sale matters; call with counsel; call with environmental engineer re: assessment matters; Purchaser correspondence re: site visit; elevator maintenance co-ordination.	2.7
J. Fritz	2024-11-07	Onsite attendance and correspondence re: building maintenance matters; environmental engineer correspondence;	0.9
B. Warga	2024-11-08	Review of roof repair quote; correspondence to/from J. Fritz re: same.	0.4
J. Fritz	2024-11-08	Onsite attendance; building maintenance matters; insurance correspondence; appointing creditor update.	3.9
B. Warga	2024-11-12	Review of correspondence to/from BDC and Purchaser re: boiler/heating matters; call with Pinchin.	1.2



Staff	Date	Comments	Hours
J. Fritz	2024-11-12	Building maintenance correspondence re: elevator repair; correspondence with Purchaser re: heating; appointing creditor update; call with environmental consultant re: third-interim work; payable administration.	1.9
L. Demchuk	2024-11-12	Draft cheque requisition for approval; record and process payables in Ascend.	0.4
J. Fritz	2024-11-13	Onsite attendance re: building maintenance matters.	0.7
L. Demchuk	2024-11-13	Print and mail cheques; scan support to file.	0.3
B. Warga	2024-11-14	Update to BDC re: borrowing request and R&D; correspondence with J. Fritz re: direction to Pitblado; review of file correspondence from third party service providers; review of contracts (TK Elevator & Pinchin).	2.1
J. Fritz	2024-11-14	Onsite attendance re: building maintenance matters; correspondence with counsel; maintenance agreement review and correspondence; environmental assessment correspondence.	1.7
B. Warga	2024-11-15	Correspondence to/from Purchaser re: heating solution.	0.7
J. Fritz	2024-11-15	Correspondence with counsel; Purchaser correspondence re: building matters; secured creditor enquiry.	0.6
J. Fritz	2024-11-20	Correspondence with contractors re: building maintenance/repair matters; payment of invoices; Purchaser correspondence re: building matters.	1.1
L. Demchuk	2024-11-20	Draft cheque requisition; enter and process payables; email correspondence; print cheques and scan support to file; other banking matters.	0.5
J. Fritz	2024-11-21	Contractor correspondence re: building maintenance matters.	0.2
B. Warga	2024-11-22	Discussion of file matters with J. Fritz.	0.3
J. Fritz	2024-11-22	Onsite attendance re: contractor meeting; Purchaser correspondence re: building matters; City of Winnipeg correspondence re: water billing.	1.9
B. Warga	2024-11-25	Review of correspondence re: building matters.	0.2
J. Fritz	2024-11-25	Contractor correspondence re: building repair matters; building maintenance correspondence; GST filing.	0.3
J. Fritz	2024-11-29	Site visit to review work to date; building expense review and administration.	0.6
B. Warga	2024-12-02	Review of Interim Report (246(2)); review of amending agreement.	0.9
J. Fritz	2024-12-02	Statutory reporting (246(2)); Amending agreement review and commentary.	1.4
L. Demchuk	2024-12-02	Draft cheque requisition for approval; enter and process payables; print cheques and scan support to file.	0.4



Staff	Date	Comments	Hours
B. Warga	2024-12-03	Discussion of file matters with J. Fritz; call with G. Kopec re: building matters and asset moveout.	0.4
J. Fritz	2024-12-03	Site visit re: building maintenance matters; correspondence with counsel.	0.7
J. Fritz	2024-12-04	Mail redirection; contractor correspondence re: building maintenance.	0.4
B. Warga	2024-12-09	Call with Pitblado re: Amending Agreement.	0.4
J. Fritz	2024-12-09	Review and compilation of payables; building maintenance and repair correspondence; correspondence with counsel.	0.8
B. Warga	2024-12-10	Review of correspondence to/from BDC.	0.3
J. Fritz	2024-12-10	Appointing secured creditor update.	0.4
B. Warga	2024-12-11	Review of correspondence re: building matters; review of disbursements.	0.4
J. Fritz	2024-12-11	Onsite attendance re: site preparation for environmental assessment; review of payables status and re-issuance requests for payments delayed due to postage strike.	1.8
B. Warga	2024-12-13	Attendance onsite at Kromar re: facility walkthrough and meeting with Pinchin.	1.3
J. Fritz	2024-12-13	Onsite attendance; meeting with environmental consultant; reviewing equipment removal.	1.3
B. Warga	2024-12-16	Call with Pitblado re: Amending Agreement matters; call with Pinchin re: exploratory matters; discussion of file matters with J. Fritz.	1.3
J. Fritz	2024-12-16	Onsite attendance re: environmental interim work; calls with environmental consultant re: concrete work; insurer and utility supplier correspondence re: accounts payable; correspondence with counsel.	2.2
B. Warga	2024-12-17	Correspondence to/from J. Fritz re: Pinchin's onsite exploration.	0.3
J. Fritz	2024-12-17	GST filing; onsite attendance re: environmental consultant process; securing facility.	2.8
J. Fritz	2024-12-18	Environmental consultant correspondence; site access logistics.	0.3

Appendix N – Fees and Disbursements of the Receiver’s Legal Counsel

KROMAR PRINTING LTD.

**SUMMARY OF LEGAL FEES AND DISBURSEMENTS
PITBLADO LLP**

Date	Invoice #	Fees	Disbursements	GST	PST	Total	Hours
27-Dec-23	528387	\$ 5,596	\$ 282	\$ 288	\$ 392	\$ 6,557	14.8
22-Mar-24	531472	12,211	596	640	855	14,302	24.5
26-Apr-24	533103	11,941	80	601	836	13,458	24.4
31-May-24	534803	3,626	272	187	254	4,339	7.4
30-Jul-24	536958	8,950	61	450	627	10,087	17.9
11-Sep-24	538805	6,400	-	320	448	7,168	12.8
04-Dec-24	542352	5,850	-	293	410	6,552	11.7
14-Jan-25	543918	9,355	5	468	655	10,482	18.5
Total		\$ 63,929	\$ 1,295	\$ 3,246	\$ 4,475	\$ 72,945	132.0

Appendix O – Interim Statement of Receipts and Disbursements for the period November 30, 2023 to January 31, 2025

KROMAR PRINTING LTD.
INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS
for the period November 30, 2023 to January 31, 2025

	<u>Amount</u>	<u>Notes</u>
Receipts		
Cash on hand	\$ 201	
Accounts receivable	151,328	
GST refund	6,561	
GST collections	1,776	
Insurance proceeds	33,164	
Interest	3,803	
Miscellaneous receipts	480	
Receiver's borrowings	350,000	
Sale of assets - pending orders	35,529	
Total Receipts	582,842	
Disbursements		
Appraisal fees	6,500	
Bank fees	48	
Casual labour	13,774	
Chemical disposal	15,263	
Customer flow through payments	4,061	1
Environmental	8,125	
Equipment lease	2,819	
Filing fees	151	
GST on disbursements	7,686	
GST on Receiver fees and disbursements	9,571	
GST on legal fees and disbursements	3,246	
Insurance	107,153	
Legal fees and disbursements	65,224	2
License renewal	1,012	
Payroll processing	185	
PST on disbursements	4,190	
PST on legal fees and disbursements	4,475	
Receiver fees and disbursements	191,429	3
Repairs and maintenance	29,900	
Security	1,970	
Utilities	98,598	
Total Disbursements	575,377	
Excess of Receipts over Disbursements - Funds Held in Trust as at January 31, 2025	\$ 7,465	

Notes:

- 1) Flow through payments to suppliers in order to complete pending customer orders.
- 2) Excludes legal fees and disbursements subsequent to January 8, 2025.
- 3) Excludes Receiver's fees and disbursements subsequent to December 18, 2024.