



Administrative Office
5045 Orbitor Drive, Building 7, Suite 400
Mississauga, ON L4W 4Y4
t 905 766 1300
f 905 361 0488
www.shedthedebt.ca

**In the matter of the Receivership of
ROCKWATER ON MAIN INC.
of the city of Hamilton,
in the Province of Ontario**

Second Interim Report of Receiver for the period July 22, 2021 to Jan 21, 2022
(Subsection 246 (2) of the Act)

The Receiver gives notice and declares that:

1. Background

- a. On January 21, 2021, Goldhar & Associates Ltd. became the court appointed receiver and manager (“**Goldhar**” or the “**Receiver**”), in respect of the assets of Rockwater On Main Inc. (“**Rockwater**” or the “**Debtor**”).
- b. The assets available with the Debtor as per the last available Financial Statements as on February 2020 is presented below:

Description	Amount
Accounts Receivable (Note 1)	22,292.85
Dues from Related Party (Note 1)	1,513,362.13
Others (retainers) (Note 1)	75,500
Property under Development (Note 3)	11,418,777.09
Total	13,029,932.07

The last available financial statements are almost two years old and may not be an appropriate representation of the present date realizable value of the assets.

Note 1 : The possibility of realization from the related party is negligible. The Receiver has determined that these amounts are either not collectible or give rise to complex legal and factual issues that would necessitate costly investigations or legal proceedings. Also, the Receiver has been advised that the related entities in the Rockwater Group do not have any funds.

Note 2 : Please refer the subsequent sections of the report for details about the sales process.

- c. Goldhar became Receiver by virtue of being appointed by the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) pursuant to an Order dated January 21, 2021, issued and entered on January 29, 2021, granted pursuant to section 243 of the *Bankruptcy and Insolvency Act*, R.S.C 1985, c. B-3, as amended and section 101 of the *Courts of Justice Act*, R.S.O 1990, c. 43, as amended. (Court # CV-20-00653214-00CL)

- d. The first interim report, for the period January 21, 2021 to July 21, 2021 was filed by Goldhar in its capacity as the Receiver of Rockwater in accordance with Subsection 246 (2) of the *Bankruptcy & Insolvency Act* (the "BIA").
- e. This second interim report, for the period July 22, 2021 to January 21, 2022 is being filed by Goldhar in its capacity as the Receiver of Rockwater in accordance with Subsection 246 (2) of the *Bankruptcy & Insolvency Act* (the "BIA").
- f. All subsequent material relating to this matter may be found on the Receivers website: <https://www.shedthedebt.ca/corporate-engagements/rockwater-on-main-inc-in-receivership/>

2. Secured Creditors

- a. The secured creditor of the Debtor as at the date of commencement of receivership is as follows:

Name	Amount	Security Type	Instrument
932005 Ontario Inc	\$ 6,306,487.60	First Mortgage	WE1120207
Fourplex Mortgages Inc	\$ 2,637,159.38	Second Mortgage	WE1297962
Lockwood Auto Group Inc	\$ 2,960,562.41	Third Mortgage	WE1120208
CORFinancial Corp	\$ 2,400,000	Fourth Mortgage	WE1445255

The balances reflected above for first mortgagee are an approximation to January 14, 2022 and the balances for second, third and fourth mortgagee are as per the original application for appointment of receiver and Receiver has advised the creditors to submit an updated statement of account to ascertain the amount owing as on date.

3. Assets under Administration

- a. The primary asset of the Debtor is the Real Property located at 64 Main Street East, Hamilton.
- b. Since, its appointment, the receiver has made all possible efforts for preserving protecting and maximizing the value of the asset in the interest of all stakeholders.
- c. The receiver has been continuously engaging with all stakeholders and has been addressing all issues related to the Real Property that were brought to the attention of the Receiver or otherwise observed by the Receiver pursuant to the discussion with other stakeholders as noted below.
- d. Pursuant to the Receivership Order, the Receiver was authorized and directed to market and sell the Property, including the Real Property
- e. The Receiver engaged CBRE Limited ("**CBRE**") as the listing agent, for advertising and soliciting of offers for the Real Property and the negotiating of terms and conditions of sale.
- f. The sales process adopted by the Receiver was described in detail in the first interim report of the receiver.
- g. Pursuant to the sales process, the Receiver entered into a purchase agreement with 2864318 Ontario Inc. (the "**Purchaser**") on August 30, 2021, as amended.

- h. On September 28, 2021, Justice Penny of the Ontario Superior Court of Justice issued an Order approving the sale of the Property to the Purchaser and vesting title in the Purchaser
- i. The Purchaser did not close the sale transaction contemplated by the Approval and Vesting Order (the "**Sale Transaction**"). As a result, the Receiver has not filed the Receiver's Certificate (of completion) pursuant to the Approval and Vesting Order, nor has it filed the certificate of completion pursuant to the Discharge Order, to date.
- j. The receiver, at the request of the purchaser, has already extended the closing date on three occasions and the last closing date was January 14, 2022 wherein the purchaser could not close.
- k. The Receiver has allowed extension of time to the purchaser as this was the best offer that the extensive sales process generated and offered maximum realization to the creditors. The offer exceeded the next best offer by a considerable margin.
- l. The Receiver's counsel is in active discussion with the purchaser's counsel to confirm the possibility of closing the transaction, else the purchaser has been already notified about the default and the consequential termination of purchase agreement and forfeiture of deposit.
- m. Detailed below is the Receiver's Interim Statement of Receipts and Disbursements for the period of January 21, 2021 to February 8, 2022 (the "ISR"). The statement reflects that currently there is approximately \$ 1,959.16 balance funds available with the receiver.

Interim Statement of Receipts and Disbursements	
For the period Jan 21, 2021 to Dec 31, 2021	
Receipts	
Pre-receivership cash balance	-
Funding through Receivers Certificate	200,000.00
Loan from Trustee	2,445.00
Despoit Forfeited on failed purchase transaction	288,491.01
HST Refund Received	46,086.85
Total Receipts	537,022.86
Disbursements	
Receivership filing fee	71.54
Lenders Fee on funding	4,000.00
HST disbursements	55,929.03
Trustee Loan Repaid	2,445.00
Receivers fees	284,986.25
Software fees	275.00
Legal fees	135,180.72
Administrative Fee for site related issues including site plan extension fee and zoning appeal matter	4,780.91
Insurance	535.68
Appraisals	5,100.00
Administrative Expenses including Site Maintenance	2,462.81
Finance charges (on Receivers Certificate)	15,000.00
Total	510,766.94
Excess of Receipts over disbursement	26,255.92

Note : The above statement does not include the expenses incurred or accrued but not yet paid.

4. Distributions to Creditors

To date the Receiver has not made distributions of any kind to any of the creditors of Rockwater on Main Inc.

5. Status of Receivership Proceedings

The timing for the completion of the Receiver's administration is anticipated to be completed within 6 to 9 months.

6. Further Information

Contact information for Receiver is detailed below:

- i. Name: Parneet Singh
- ii. Telephone: (905) 766 1300 ext 1403
- iii. Fax: (905) 361 4088
- iv. Email: psingh@goldhar.ca
- v. Website: www.shedthedebt.ca/betz-cut-stone-limited-in-receivership/

Dated at Mississauga, Ontario, this 21st day of January, 2022.

Goldhar & Associates Ltd.,

in its sole capacity as the Court appointed receiver
and manager of Rockwater on Main Inc.
and not in its personal or corporate capacity

Richard Goldhar

Richard Goldhar, CIRP
President