

REPORT OF THE COURT-APPOINTED RECEIVER
IN THE MATTER OF
NOVA NEW ENGLAND LIMITED
Estate No. 51-125253


Prepared Pursuant to Section 246(2) and Rule 126 of
the Bankruptcy and Insolvency Act

This communication is the report prepared by the Court-Appointed Receiver, BDO Canada Limited, in the matter of the receivership of Nova New England Limited, which report is prepared pursuant to Section 246(2) and Rule 126 of the *Bankruptcy and Insolvency Act*.

1. Attached hereto is the Receiver's Interim Statement of Receipts and Disbursements prepared to the 11th day of February, 2011. This statement reflects all of the monies received and disbursed by the Court-Appointed Receiver through the course of our mandate;
2. All of the property, which was the subject matter of the Order for Receiver or Receiver Manager granted by the Hon. Justice Moir of the Supreme Court of Nova Scotia on April 14, 2010, has been disposed of. All of the Orders, reports, and other materials of the Court-Appointed Receiver can be found on the Receiver's website which address is www.bdo.ca/nne;
3. The Court-Appointed Receiver is presently awaiting the issuance of an Order Ratifying and Confirming the Sale by Public Auction, which Order has been submitted by the Receiver's counsel to the Prothonotary. Upon receipt of this Order and communication with the principal lender, Addenda Capital Limited, the Court-Appointed Receiver will be motioning the Court for its discharge and approval of its fees and costs. The Court-Appointed Receiver anticipates that this motion may be made to the Court before the end of March, 2011;
4. In addition to the discharge of the Receiver, we will have to ensure that the Court-Appointed Receiver's capacity is not required to complete the registration of the Dartmouth property under the *Condominium Act of Nova Scotia* and that outstanding issues with Canada Revenue Agency with respect to HST are addressed.

Dated at Halifax, Province of Nova Scotia, this 11th day of February, 2011.

BDO CANADA LIMITED
Court-Appointed Receiver for Nova New England Limited



Paul G. Goodman, FCA, FCIRP, FIIC
Senior Vice-President

cc Office of the Superintendent of Bankruptcy
Terry Brennan
Jim Brennan

**BDO Canada Limited
Nova New England Limited
In Receivership
Receiver's Interim Statement of Receipts and Disbursements
Receiver's Main Account
From the Date of Appointment to February 11, 2011**

RECEIPTS:

Funds from Stewart McKelvey (Addenda)	\$ 120,597.83	
Occupancy Fees	155,726.78	
Rental Income	12,600.00	
Gas Recovery	6,187.83	
Interest Income	1,560.43	
Recovery of Overpayment to NNE Supplier	2,542.63	
Insurance Recovery	420.08	
Receivership Loan - Addenda	630,000.00	Note 2
Bid Deposit - Addenda	1,000,000.00	Note 2
Pre-Receiver's HST Refunds	192,342.62	
Post-Receiver's HST Refunds	93,295.67	
Recovery of Repairs out of Deposit	2,591.08	
Recovery of Leasehold Improvements	4,312.50	
Recovery of Holdback	30,039.11	
Return of Insurance Premium	11,482.00	
Funds from BNS Accounts	2,591.35	
Sub Total	<u>\$ 2,266,289.91</u>	
HST Collected	3,073.19	
Total Receipts	<u><u>\$ 2,269,363.10</u></u>	

DISBURSEMENTS:

Operations costs:		
Gas	\$ 5,236.37	
Waste Removal	11,267.24	
Power	10,324.66	
Water	366.41	
Office	6,272.86	
Insurance	20,105.22	
Office Salaries	18,671.44	
Sales and Marketing, including Model Suite	16,836.08	
	<u>\$ 89,080.28</u>	
Construction costs:		
Project Manager	\$ 84,375.00	
Carpenter Wages and Benefits	83,705.35	
Subcontractors/Labour and Materials	521,308.11	
Payments to BDO Holdback Trust Account, net of Holdback Payments	1,611.00	Note 1
	<u>\$ 690,999.46</u>	
Other costs:		
Receiver's fee's and disbursements	\$ 150,335.73	
HST Paid	163,828.42	
Filing Fee to OSB	70.00	
Pay out of Receiver's Certificate #1, #2 and #3	630,000.00	Note 2
Refund of Bid Deposit	300,000.00	Note 2
Transfer to Receiver's Loan - Certificate #3	130,000.00	Note 2
Deed Transfer Tax	10,500.00	
Advance to Addenda - Post August 31 Construction Costs, HST included	52,775.20	Note 3
	<u>\$ 1,437,509.35</u>	
Total Disbursements:	<u><u>\$ 2,217,589.09</u></u>	
BALANCE IN TRUST - February 11, 2011	<u><u>\$ 51,774.01</u></u>	

Note 1: The Receiver has established a separate holdback account for construction costs. The balance of the holdbacks in this separate trust account as at February 11, 2011 is \$1,611.00. Released holdbacks are included in the Subcontractors/Labour and Materials.

Note 2: The \$1,000,000 bid deposit paid by Addenda Capital Inc. has been disbursed by a \$630,000 payment on the outstanding Receiver's certificates #1, #2 & #3 and Addenda was repaid \$300,000 as the return of the balance of the bid deposit. The remaining \$70,000 is held as the required sale deposit.

Note 3: After the sale of the property to Addenda, the Receiver, at Addenda's request paid certain contractors engaged by Addenda out of the monies that would have otherwise flowed to Addenda against the original loan.