

**IN THE MATTER OF THE RECEIVERSHIP OF
CENTRAL MANOR HOLDINGS LTD.**

INTERIM REPORT NUMBER ONE OF THE RECEIVER AND MANAGER

Under subsection 246(2) of the Bankruptcy and Insolvency Act

The Receiver and Manager of Central Manor Holdings Ltd. hereby delivers its interim report number one:

1. By Order of the Supreme Court of British Columbia (the “Court”) dated the 1st day of September, 2009, the undersigned, G. Powroznik Group Inc. of G-Force Group, became the Receiver and Manager (the “Receiver”) in respect of the property, assets, and undertakings of Central Manor Holdings Ltd. (“the Company”). The Company became bankrupt on September 1, 2009 as well with Glover-Drennan Inc. of Victoria, British Columbia appointed as Trustee in Bankruptcy.
2. The undersigned became the Receiver by virtue of being appointed by the Court.
3. The Receiver took possession and control of the property on the 1st day of September, 2009.
4. Since taking possession, the Receiver has:
 - a) Changed certain locks on the Traveller’s Inn – Central (the “Motel”) premises and other codes and passwords as required;
 - b) Re-hired employees and put a management team in place to oversee day-to-day Motel operations;
 - c) Contacted local suppliers to re-establish or preserve service to the Motel, including hydro, gas and cable;
 - d) Ensured adequate insurance coverage was in place;
 - e) Arranged for Motel boiler and fire inspections;
 - f) Performed repairs and maintenance to the Motel as required to preserve the security and integrity of the building and to ensure the safety of the general public, including bringing the property into compliance with City of Victoria storm sewer bylaws;
 - g) Corresponded with certain individuals who had paid deposits prior to the receivership and arranged for these accounts to be settled;
 - h) Developed and implemented an information technology (“I.T.”) infrastructure at the Motel to allow it to operate as a single Motel property, including the installation and upgrade of computer hardware and software, implementation of an online Reservation System, and other repairs/upgrades to I.T. systems as required;
 - i) Initiated and continue to implement several sales and marketing initiatives to increase Motel occupancy, revenues, and drive the overall value of the Motel through the slow, winter tourism season in Victoria, B.C.;

- j) Held meetings with stakeholders to develop a plan of action to maximize the realization;
- k) Commenced the process of making its First Report to Court regarding its actions to date and its intended course of action with respect to realization of the assets (Court appearance date is to be determined as at the time of writing this report);
- l) Begun to execute planning for a Court-approved sale process of the assets;
- m) Received \$50,000 in Receiver borrowings to finance the cost of the Receivership in accordance with the Appointment Order dated September 1, 2009; and
- n) Continued to pay expenses relating to the Receivership, including utilities, insurance, payroll, statutory remittances, and other Motel operating costs.

5. Assets not yet realized upon are as follows:

	<u>Estimated Value</u> (note 1)
Traveller's Inn - Central Manor (653 Dunedin St.)	\$2,556,100
Parking lot (645 Dunedin St.)	\$358,000

Note 1 – At this time we are using the 2010 Property Assessment Values as indications of market value. However, the Receiver is in the process of appealing the 2010 Property Assessment for 653 Dunedin St.

6. The actions still to be taken by the Receiver are as follows:

- a) Continue with the process of appealing the Traveller's Inn – Central property assessment;
- b) Continue with the operation of the Motel including the payment of obligations in the normal course of business (see paragraph 4(m) above);
- c) Make its First Report to Court, and obtain an Order to increase its borrowing power consistent with the recommendations made in the First Report;
- d) Report to the OSB from time to time as required;
- d) Proceed with a sales process for the assets to complete a sale prior to the busy tourist season in Victoria, B.C.;
- e) Distribute the proceeds of the realization of the assets; and
- f) Apply to the Court for our discharge.

7. We attach the Receiver's interim statement of receipts and disbursements to February 26, 2010 as Appendix A.

DATED at Vancouver, British Columbia, this 1st day of March, 2010

G. Powroznik Group Inc. of G-Force Group
solely in its capacity as Court-appointed **Receiver and Manager**
of **Central Manor Holdings Ltd.**
and not in its personal Capacity

Per:

A handwritten signature in black ink, appearing to be 'G. Powroznik', written in a cursive style.

Per: Gary D. Powroznik
Managing Director

Appendix A

**In the matter of the Receivership of Central Manor Holdings Ltd.
Interim Statement of Receiver's Receipts and Disbursements
As at February 26, 2010**

	<u>\$</u>
Interim Receipts	
Gross Motel Guest Revenues	213,473
Receiver's Borrowings	50,000
National Car Lease Revenues	12,285
Other receipts	<u>2,351</u>
Total Receipts	<u>278,110</u>
Interim Disbursements	
Payroll	125,673
Insurance	20,388
Repairs and Maintenance	14,681
Motel supplies	5,686
Motel operating costs	40,937
Utilities	8,348
Commissions, chargebacks and refunds	11,269
Hotel Room Tax paid	7,614
GST paid	1,289
Interim advances to Receiver-Manager	25,000
Bank fees	906
Other disbursements	<u>625</u>
Total disbursements	<u>262,416</u>
Closing Cash Position, February 26, 2010	<u><u>15,694</u></u>