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PLAINTIFF

HILLSBORO VENTURES INC.

DEFENDANT

CEANA DEVELOPMENT SUNRIDGE INC.

IN THE MATTER OF THE RECEIVERSHIP OF
CEANA DEVELOPMENT SUNRIDGE INC.

DOCUMENT

**SIXTH REPORT OF THE RECEIVER
JANUARY 6, 2021**

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

RECEIVER

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ALVAREZ & MARSAL

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INTRODUCTION

1. On July 3, 2019 (the “**Receivership Date**”), by order of the Honourable Madam Justice B.E.C. Romaine of the Alberta Court of Queen’s Bench, which was amended and restated on June 17, 2020 by Madam Justice G.A. Campbell of the Alberta Court of Queen’s Bench (the “**Amended and Restated Receivership Order**”), Alvarez & Marsal Canada Inc. was appointed receiver and manager (the “**Receiver**”), without security, of all of Ceana Development Sunridge Inc.’s (“**Ceana**”, the “**Company**”, or the “**Debtor**”) current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (the “**Property**”), pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, and sections 13(2) of the *Judicature Act*, RSA 2000, c J-2, 99(a) of the *Business Corporations Act*, RSA 2000, c B-9, and 65(7) of the *Personal Property Security Act*, RSA 2000, c P-7 (such proceedings referred to herein as the “**Receivership Proceedings**”).
2. Section 3 of the Amended and Restated Receivership Order empowers and authorizes, but does not obligate, the Receiver to, among other things, manage, operate and carry on the business of the Debtor and to take possession and control of the Property and any and all proceeds, receipts and disbursements arising out of or from the Debtor, and to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business.
3. The purpose of this sixth report of the Receiver (the “**Sixth Report**” or “**this Report**”) is to provide this Honourable Court with information in respect of the following:
 - a) the ongoing activities of the Receiver since its Fifth Report dated December 2, 2020 (the “**Fifth Report**”);
 - b) a brief update on the Receiver’s efforts to complete the Project (as defined further in this Report);
 - c) the Receiver’s actions with respect to rejecting certain purchase agreements, joint venture agreements and a listing agreement entered into by Ceana prior to the Receivership Date;

- d) the cash flow results for the period from November 28, 2020 to January 1, 2021 (the “**Reporting Period**”) and the year to date results;
 - e) approval of the Receiver’s actions, activities and conduct, and the approval of the Receiver’s fees and disbursements, and those of its legal counsel; and
 - f) the Receiver’s conclusions and recommendations.
4. Capitalized words or terms not otherwise defined or ascribed a meaning in this Sixth Report are as defined or ascribed a meaning in the Amended and Restated Receivership Order and the prior reports filed by the Receiver (the “**Prior Reports**”).
5. All references to dollars are in Canadian currency unless otherwise noted.

TERMS OF REFERENCE

6. In preparing this Sixth Report, the Receiver has relied upon: (i) the representations of certain management and other key stakeholders of Ceana; and (ii) financial and other information contained in the Debtor’s books and records, which were produced and maintained principally by the Debtor. The Receiver has not performed an audit, review or other verification of such information.
7. The Receiver has not performed an audit, review or otherwise attempted to verify the accuracy or completeness of the Company’s financial information that would wholly or partially comply with Canadian Auditing Standards (“**CASs**”) pursuant to the Chartered Professional Accountants Canada Handbook, and accordingly, the Receiver expresses no opinion or other form of assurance contemplated under CASs in respect of the financial information. Future oriented financial information relied upon in this Report is based on the Receiver’s assumptions regarding future events and actual results achieved will vary from this information and the variations may be material.

BACKGROUND AND OVERVIEW

8. Ceana’s registered business address is 20, 1915 – 32nd Avenue NE, Calgary, Alberta; however, the principal assets of the Company are located at the proposed commercial retail

building and land project site location – the address of which is 2255, 32nd Avenue NE, Calgary, Alberta (the “**Project**”).

9. Ceana is a private company incorporated in the Province of Alberta. Ceana is wholly owned by Ceana Development Inc., which is 100% owned by Mr. Bahadur (Bob) Gaidhar (“**Mr. Gaidhar**”, together with Mrs. Yasmin Gaidhar, the “**Gaidhars**”), who is also the sole director of Ceana.
10. Ceana is an entity that holds title to the land and buildings under construction, herein referred to as the Project. For clarity, the Project is an initiated 40,000 square foot commercial retail condominium development located on approximately 3.45 acres of land. When completed, the Project will consist of seven (7) individual buildings, namely, A, B, C, D, E, F and G (collectively, the “**Buildings**”). The proposed number of individual units in the Buildings is currently twenty-three, with approximately 230 on-grade parking stalls.
11. Further background is contained in the Prior Reports and materials filed in support of the Amended and Restated Receivership Order. These documents and other public filed Court materials in these proceedings have been posted on the Receiver’s website at: www.alvarezandmarsal.com/ceana.

ACTIVITIES OF THE RECEIVER

12. Since the Fifth Report, the Receiver’s activities have included, but are not limited to, the following:
 - a) undertaking the day to day management of operations of the Project, including with respect to site supervision, payment for services rendered and approved by the Receiver (including approving change orders) and discussing the same with Quantity Surveying Services International and Executive Flight Centre Developments Ltd. (“**EFC**”), the prime contractor for the Project;
 - b) attending December 10, 2020 court hearing for the Depositor Application;
 - c) refunding Karim Sharifat’s purchase deposit of \$127,751.25, as permitted by the December 10, 2020 Court Order;

- d) multiple communications with lawyers and investors (directly or indirectly through its legal counsel) regarding their interests in the Project and/or Ceana and other matters related thereto;
- e) various communication with Mr. Gaidhar, Connect First and Hillsboro on estate matters;
- f) continuing the marketing efforts for the Commercial Condominium Units with Barclay Street Real Estate Ltd. (“**Sales Agent**” or “**Barclay Street**”);
- g) attending to various phone calls with Rick Balbi Architect Ltd. and Vista Geomatics Ltd. with regards to City of Calgary permitting and condominium plan registration matters; and
- h) rejecting certain agreements entered into by Ceana prior to the Receivership Date.

CONSTRUCTION UPDATE

13. Since the Fifth Report, the Receiver, with the assistance of EFC, has continued to progress construction for Phase I of the Project and has completed certain additional construction work. EFC has advised the Receiver that as at December 29, 2020, the percentage completion for Phase I of the Project is as follows:

Category	Percentage Completion
Sitework and Excavation	35%
Interior Building Concrete	100%
Building Masonry	98%
Building Metals	100%
Building Woods and Plastics	75%
Building Roofing	100%
Building Windows and Doors	100%
Building Drywall and Painting	100%
Building Mechanical	92%
Building Electrical	97%
Change Orders (including deep service repairs and installation)	95%

14. The specific construction activities of EFC (as prime contractor to the Project) since the Fifth Report have included, without limitation, the following:
- a) Building Construction – completing drywall and prime paint coat in Buildings B, C and D and completing stucco around canopy support areas and panels on Buildings D. The interiors of Buildings A to D are now fully completed.
 - b) Site Work – installing two (2) transformers on the north side of the site and pulling cable from the transformers into the electrical rooms in Buildings A and B.
15. The remaining construction work for Phase I and the site includes, but is not limited to:
- a) pouring asphalt and finishing the parking lot;
 - b) completing site landscaping;
 - c) completing the certain minor sections on the exterior of Buildings A to D; and
 - d) installing the water line into Building C and fire hydrant in front of Building B.
16. As discussed in the Fifth Report, the Receiver plans to complete the parking lot and landscaping work included in Phase I between April and May 2021 as EFC cannot conduct this work in the present winter conditions. Due to delays in getting the buildings energized (electricity and gas) and a delay in installing the water line into Building C, it is now expected that the Receiver will be in a position submit an application for occupancy permits on or around January 31, 2021. As discussed in Prior Reports, obtaining the occupancy permits are required for the Receiver to sell certain of the Commercial Condominium Units.

UPDATE ON THE RECEIVER'S BORROWINGS

17. Pursuant to paragraph 21 of the Amended and Restated Receivership Order, the Receiver has been empowered to borrow up to \$6,000,000 (or such greater amount as the Court may further order).
18. In total, as at January 1, 2021, the Receiver has issued \$5,495,435.26 in Receiver's Certificates. With compounding interest, the total borrowings outstanding are approximately \$5.85 million, which are payable as follows:
 - a) Hillsboro: \$5 million, which comprise of \$4,745,435.26 in principal advance plus approximately \$250,000 in accrued interest; and
 - b) Neotric: \$843,000, which comprise of \$750,000 principal advance plus approximately \$93,000 in accrued interest.

REJECTED AGREEMENTS

19. Throughout these Receivership Proceedings, various parties (largely Depositors and Investors) have provided the Receiver with agreements signed by Ceano prior to the Receivership Date, including: one (1) listing agreement, thirty (30) purchase agreements and seventeen (17) joint venture agreements (collectively, the **"Pre-Receivership Agreements"**).
20. In order to determine whether certain (or all) of these agreements should be rejected such that the Receiver is released of its obligations and liabilities thereunder, the Receiver conducted an analysis of the Pre-Receivership Agreements, based on information available to the Receiver, which included but was not limited to:
 - a) reviewing the respective liabilities and obligations under each agreement;
 - b) confirming whether the deposit funds referenced in the purchase agreements and joint venture agreements were held in trust by the Receiver's Counsel;

- c) reviewing the enforceability of the purchase agreements under the *Condominium Property Act*, RSA 2000, c C-22 with the Receiver's legal counsel; and
 - d) seeking advice from Barclay Street on the commercial viability of proceeding with purchase contracts where deposit funds were missing, which involved understanding the current market rates/valuation of these units compared to the purchase price offer originally accepted by Ceana.
21. Based on its analysis and pursuant to Paragraphs 3(c) and 9 of the Receivership Order, the Receiver was authorized and determined that it would be in the best interest of the Receivership estate to reject the Receiver's obligations and liabilities set forth under certain of the Pre- Receivership Agreements, including: the listing agreement, seventeen (17) joint venture agreements and fourteen (14) purchase agreements related to purchasers whose deposit funds are unaccounted for and/or are otherwise not held in the Receiver's Counsel's trust account (collectively, the "**Rejected Agreements**"). A schedule of the Rejected Agreements is attached as **Appendix A** to this Report.
22. For certainty, the intention of the "disclaimer notices" is simply for the Receiver to reject its obligations and liabilities thereunder. Once the applications returnable on January 14, 2021 have been dealt with, the Receiver will assess whether the Rejected Agreements should be assigned, renounced, extinguished and/or terminated completely such that the parties thereunder may not have any rights and/or obligations and may seek the Court's approval at the appropriate time for same. As such, the Rejected Agreements have not been terminated/extinguished and continue to subsist. For certainty, the Receiver will not adopt and perform the Rejected Agreements.
23. On or around December 29, 2020, the Receiver delivered the disclaimer notices to the affected parties. The disclaimer notice of Suleman Lakhani was posted the Receiver's website as the Receiver did not have an updated address for Mr. Lakhani.
24. Should any of the purchasers of the Rejected Agreements be willing to purchase the units/buildings at a fair market price and provide an acceptable deposit, the Receiver is

willing to consider entering into new purchase agreements for any units that will maximize realizations for the Ceana estate and its creditors and shareholders.

RECEIPTS AND DISBURSEMENTS – NOVEMBER 28, 2020 TO JANUARY 1, 2021

25. The following is a statement of the Receiver's receipts and disbursements in respect of Ceana during the Reporting Period:

Ceana Development Sunridge Inc. - in Receivership Interim Statement of Receipts & Disbursements July 3, 2019 to January 1, 2021 <i>CAD\$, unaudited</i>			
	Fifth Report July 3/19 to November 27/20	Reporting Period November 28/20 January 1/21	Total July 3/19 to January 1/21
Opening cash balance	\$ 1,091	\$ 1,033,796	\$ 1,091
Receiver's borrowings	\$ 5,495,435	\$ -	\$ 5,495,435
Receipts			
Deposits collected	2,856	-	2,856
Interest	-	14	14
Total Receipts	\$ 5,499,382	\$ 1,033,810	\$ 5,499,395
Disbursements			
Property taxes	303,038	9,865	312,903
Development costs	189,469	44,578	234,047
Construction costs	2,549,430	297,701	2,847,131
General & administrative costs	140,516	292	140,808
GST payments	191,744	22,039	213,783
Professional fees and costs			
Court approved fees and costs (Jul 3/19 - Oct 31/20)	1,091,389	-	1,091,389
Fees and cost (Nov 1/20 - Dec 31/20)	-	140,410	140,410
Total disbursements	\$ 4,465,586	\$ 514,885	\$ 4,980,471
Ending cash balance	\$ 1,033,796	\$ 518,925	\$ 518,925

26. There was approximately \$1.0 million of opening cash available at the start of the Reporting Period.
27. The Receiver made disbursements of approximately \$515,000 during the Reporting Period, relating primarily to:
- payment of 2020 municipal taxes of approximately \$10,000 through the Tax Instalment Payment Plan (TIPP) program;

- b) development costs of approximately \$45,000 relating to \$42,000 for permitting deposits payable to The City of Calgary and \$3,000 for engineering services;
 - c) construction costs of approximately \$297,000, primarily relating to quantity surveying costs of approximately \$11,000, construction management and overhead of costs of approximately \$21,000, and general site costs and sub-trade construction costs of approximately \$262,000;
 - d) general and administrative costs of approximately \$300 relating to bank charges;
 - e) GST paid on disbursements of approximately \$22,000;
 - f) professional fees and costs totaling approximately \$140,000, for the Receiver and its legal counsel, in the approximate amounts of \$69,000 and \$71,000, respectively, for the period from November 1, 2020 to December 31, 2020;
28. Total ending cash available as at January 1, 2021 is approximately \$519,000.
29. In addition to the ending cash available of approximately \$519,000, the Receiver's Counsel is holding in trust approximately \$864,625 of Purchase Deposits.

APPROVAL OF FEES AND EXPENSES

30. The Receiver previously sought and obtained approval from this Honourable Court of the Receiver's and the Receiver's Counsel's professional fees, disbursements and costs incurred since the Receivership Date (July 3, 2019) to October 31, 2020.
31. The Receiver seeks further approval from this Honourable Court of the respective professional fees and disbursements of the Receiver and its legal counsel for the period of November 1, 2020 to December 31, 2020.
32. Professional fees and expenses rendered by the Receiver from November 1, 2020 to December 31, 2020, total \$69,073.45 (exclusive of GST) (the "**Receiver's Fees and**

Costs”). The accounts will be made available upon request and are summarized in **Appendix B** to this Report.

33. Professional fees and expenses rendered by the Receiver’s Counsel from November 1, 2020 to December 31, 2020 total \$71,336.81 (exclusive of GST) (the “**Receiver’s Counsel Fees and Costs**”). The accounts will be made available upon request and are summarized in **Appendix C** to this Report.
34. The accounts of the Receiver’s and the Receiver’s Counsel outline the date of the work completed, the description of the work completed, the length of time taken to complete the work and the name of the individual who completed the work.
35. The professional fees and costs of the Receiver and the Receiver’s Counsel for November 1, 2020 to December 31, 2020 have been paid and are reflected in the actual cash flow receipts and disbursements discussed above.
36. The Receiver respectfully submits that its professional fees and disbursements and those of the Receiver’s Counsel are fair and reasonable in the circumstances and as outlined in this Report and in Prior Reports, and respectively requests that this Court approve the Receiver’s Fees and Costs and the Receiver’s Counsel’s Fees and Costs.

RECEIVER’S ONGOING ACTIVITIES AND FUTURE COURSE OF ACTION

37. The Receiver’s next steps include, but are not limited to:
 - a) completing Phase I construction of the Project in order to obtain occupancy permits for Buildings A to D;
 - b) registering the Bare Land and Redivision plans in order to sell the Commercial Condominium Units;
 - c) addressing the various claims against the funds held in the Receiver’s Counsel’s trust account; and
 - d) continued communication with the Company’s significant stakeholders.

38. Should this Honourable Court grant the relief sought in Hillsboro's Application, the Receiver will work to transition the Project to Hillsboro in due course.

RECEIVER'S CONCLUSION AND RECOMMENDATIONS

39. The Receiver recommends that this Honourable Court grant the following relief:
- a) approve the conduct, actions and activities of the Receiver as reported in the Receiver's Sixth Report; and
 - b) approve the Receiver's Fees and Costs and the Receiver's Counsel's Fees and Costs.

All of which is respectfully submitted this 6th day of January, 2021.

**ALVAREZ & MARSAL CANADA INC.,
in its capacity as the Court-appointed Receiver of
Ceana Sunridge Development Inc., and not in
its personal or corporate capacity**

A handwritten signature in blue ink, appearing to be 'Orest Konowalchuk', with a stylized, flowing script.

Orest Konowalchuk, CPA, CA, CIRP, LIT
Senior Vice President

A handwritten signature in blue ink, appearing to be 'David Williams', with a stylized, flowing script.

David Williams, CPA
Manager

APPENDIX “A”

Ceana Development Sunridge Inc. (in Receivership)
Schedule of Rejected Agreements

Agreement Type	Legal Names of the Parties	Agreement Date
Amended Purchase Agreement of Rahul Kapoor & Sachin Sarna	1785337 Alberta Ltd.	16-Mar-18
Joint Venture Agreement	1396081 Alberta Ltd.	2-May-16
Joint Venture Agreement	1785337 Alberta Ltd.	30-Jan-16
Joint Venture Agreement	1989207 Alberta Inc.	23-Aug-16
Joint Venture Agreement	1989207 Alberta Inc.	1-Sep-16
Joint Venture Agreement	Amish Morjaria	19-Jul-16
Joint Venture Agreement	CECA Holding Co Ltd.	15-Jul-17
Joint Venture Agreement	Central Halal Meat	29-Oct-16
Joint Venture Agreement	Eureka Prescriptions Inc.	8-Jun-16
Joint Venture Agreement	Eureka Prescriptions Inc.	8-Jun-16
Joint Venture Agreement	Gurjit Singh Dhillon	4-Feb-16
Joint Venture Agreement	Jasbir Mundi	27-Apr-16
Joint Venture Agreement	Manish Raval	27-Apr-16
Joint Venture Agreement	Mounir Alein	12-Dec-15
Joint Venture Agreement	Rahul Kapoor & Sachin Sarna	21-Jul-15
Joint Venture Agreement	Sukhdeep S. Dhaliwal & Mandeep S. Mavi	9-Dec-15
Joint Venture Agreement	Suleman Lakhani	1-Sep-15
Joint Venture Agreement	Zahir Almas Karmali	30-Sep-15
Listing Agreement	Century 21 Bravo Realty	16-Nov-15
Purchase Agreement	1396081 Alberta Ltd.	4-Feb-16
Purchase Agreement	1695411 Alberta Ltd.	27-Apr-16
Purchase Agreement	Ajay Pal Singh Dhillon	8-Jul-17
Purchase Agreement	CECA Holding Co. Ltd.	26-Jul-17
Purchase Agreement	CECA Holding Co. Ltd.	15-Jul-17
Purchase Agreement	Dream Sleep Respiratory Services Ltd.	2-Dec-15
Purchase Agreement	Gurjit Singh Dhillon	4-Feb-16
Purchase Agreement	Karim Sharifat	12-Dec-15
Purchase Agreement	Manish Raval	27-Apr-16
Purchase Agreement	Rahul Kapoor & Sachin Sarna	1-Aug-15
Purchase Agreement	Sukhdeep S. Dhaliwal & Mandeep S. Mavi	9-Dec-15
Purchase Agreement	Sukhdeep S. Dhaliwal & Mandeep S. Mavi	6-Feb-17
Purchase Agreement	Usveer Singh Grewal & Mahinderpar Singh Sandhu	10-Oct-15
Purchase Agreement	Zahir Almas Karmali	1-Dec-16

APPENDIX “B”

Ceana Development Sunridge Inc. - In Receivership
Summary of Receiver's Fees and Disbursements ("Interim Period Billings")
November 1, 2020 to December 31, 2020

Invoices subject to Court Approval

Inv. No.	Period	Fees	Disbursements	Total Fees & Disbursements	GST	Total
14	November 1, 2020 to November 30, 2020	33,791.50	181.95	33,973.45	1,698.67	35,672.12
15	December 1, 2020 to December 31, 2020	35,100.00	0.00	35,100.00	1,755.00	36,855.00
TOTAL		\$ 68,891.50	\$ 181.95	\$ 69,073.45	\$ 3,453.67	\$ 72,527.12

APPENDIX “C”

Ceana Development Sunridge Inc. - In Receivership

Summary of the Receiver's Counsel's (Torys) Fees and Disbursements (the "Interim Period Billings")

November 1, 2020 to December 31, 2020

Invoices subject to Court Approval

Inv. No.	Period	Fees	Disbursements	Total Fees & Disbursements	GST	Total
1522238	November 1, 2020 to November 30, 2020	30,569.00	12.02	30,581.02	1,529.05	32,110.07
1524720	December 1, 2020 to December 31, 2020	39,584.50	1,171.29	40,755.79	2,023.74	42,779.53
TOTAL		\$ 70,153.50	\$ 1,183.31	\$ 71,336.81	\$ 3,552.79	\$ 74,889.60