

COURT FILE NUMBER 1303 15731

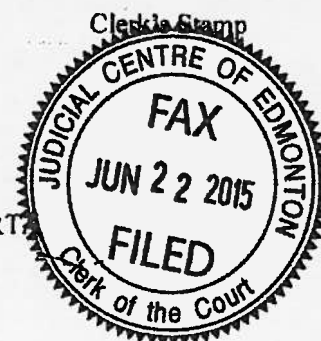
COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE EDMONTON

PLAINTIFF RIDGE DEVELOPMENT CORPORATION

DEFENDANT 1324206 ALBERTA LTD.

DOCUMENT **THIRD & FINAL REPORT OF ALVAREZ & MARSAL CANADA INC., IN ITS CAPACITY AS COURT APPOINTED RECEIVER AND MANAGER OF 1324206 ALBERTA LTD.**



**ADDRESS FOR SERVICE
AND CONTACT
INFORMATION OF PARTY
FILING THIS DOCUMENT**

RECEIVER

ALVAREZ & MARSAL CANADA INC.
Tim Reid
Bow Valley Square I
Suite 570, 202 – 6th Avenue SW
Calgary, Alberta T2P 2R9
Phone: (403) 538-4756
Email: treid@alvarezandmarsal.com

COUNSEL

MCMILLAN LLP
Adam C. Maerov
TD Canada Trust Tower
421 – 7th Ave SW Suite 1700
Calgary, AB T2P 4K9
Direct line: 403-215-2752
Fax line: 403-531-4720
Email: Adam.Maerov@mcmillan.ca



ALVAREZ & MARSAL

TABLE OF CONTENTS OF THE THIRD & FINAL REPORT OF THE RECEIVER

INTRODUCTION AND BACKGROUND.....	- 3 -
TERMS OF REFERENCE	- 5 -
RECEIVER'S ACTIVITIES	- 5 -
DISPUTED FUNDS	- 5 -
RECEIVER'S STATEMENT OF RECEIPTS AND DISBURSEMENTS.....	- 6 -
APPROVAL OF RECEIVER FEES AND DISBURSEMENTS AND COUNSEL FEES.....	- 7 -
PROPOSED FINAL DISTRIBUTION OF REMAINING FUNDS	- 7 -
APPROVING CONDUCT AND DISCHARGE OF RECEIVER	- 8 -
CONCLUSION.....	- 8 -

APPENDIX "A"

ORDER FOR ADVICE AND DIRECTION

APPENDIX "B"

TRAIL CONSENT ORDER

APPENDIX "C"

SUMMARY OF PROFESSIONAL FEES



INTRODUCTION AND BACKGROUND

1. Alvarez & Marsal Canada Inc. was appointed receiver and manager, without security (the **"Receiver"**), of all of the current and future assets, undertakings and properties (the **"Property"**) of 1324206 Alberta Ltd. (**"132"**) pursuant to an order of the Honourable Justice D.R.G. Thomas (the **"Receivership Order"**) granted on November 13, 2013 (the **"Receivership Date"**).
2. Pursuant to the Approving Sale and Vesting Order granted on November 28, 2014 substantially all of the Property of 132 was sold and the sale closed by the Receiver on December 12, 2014. The proceeds of sale were held pending further order of the Court.
3. On March 26, 2015 the Receiver made an application to the Court seeking advice and direction for the distribution of the sale proceeds. An order, attached as **Appendix "A"** was granted authorizing the Receiver to distribute \$12,600,000 to RBC as well as the distributions discussed below (the **"Order for Advice and Direction"**). The Receiver has distributed those funds to RBC.
4. The Order for Advice and Direction required the Receiver to hold back the sum of \$275,000 (**"Disputed Funds"**) and funds to complete the administration, pending resolution of a priority claim made by Trail Appliances Ltd. (**"Trail"**). Any monies available for distribution in excess of the Disputed Funds could to be distributed to RBC at the discretion of the Receiver.
5. Priority to the Disputed Funds was the last substantive issue in the receivership proceedings and the Receiver has now negotiated a settlement with Trail.
6. The Receiver has completed its administration of the receivership proceedings and is seeking approval of its accounts, to distribute the remaining funds and obtain its discharge.
7. Further background and information regarding the receivership proceedings is contained in the Receiver's previous two reports (the **"Previous Reports"**) and affidavits filed by the Plaintiff, which, along with a copy of the Receivership Order and other orders, are



posted on the Receiver's website at www.alvarezandmarsal.com/whitemud (the "Receiver's Website").

8. This, the Receiver's third and final report (the "**Third Report**") is intended to provide the Court with information with respect to the following matters:
 - i. approval and ratification of the Receiver's activities, as set out in the Third Report and in all of its Previous Reports filed herein, and its Statement of Receipts and Disbursements included herein;
 - ii. approval of the Receiver's accounts for fees and disbursements, as set out in the summary attached as **Appendix "C"**, without the necessity of a formal assessment of its accounts;
 - iii. approval of the accounts of the Receiver's legal counsel McMillan LLP for its fees and disbursements, as set out in the summary attached as **Appendix "C"**, without the necessity of a formal assessment of its accounts;
 - iv. authorizing the Receiver to distribute the net remaining funds it holds on behalf of 132, after making the payments authorized in paragraphs 22 and 23 herein, to RBC;
 - v. authorizing and empowering the Receiver to destroy any and all documents, accounting records, and other papers, records, and information related to the business affairs of 132, if not collected by any of the current directors of 132 by August 15, 2015; and
 - vi. the discharge of the Receiver from its duties and obligations.
9. Capitalized terms not defined in the Third Report are as defined in the Previous Reports, the Sale Approval and Vesting Order, the Order for Advice and Direction and the Receivership Order.
10. All references to dollars are in Canadian currency unless otherwise noted.

TERMS OF REFERENCE

11. The Receiver has not performed an audit, review or other verification of such information. An examination of the financial forecast as outlined in the Canadian Institute of Chartered Accountants Handbook has not been performed. Future oriented financial information, if any, relied upon in this Third Report is based on assumptions regarding future events and actual results achieved will vary from this information and the variations may be material.

RECEIVER'S ACTIVITIES

12. The Receiver's activities since the Previous Reports include the following:
 - a) instructions to and liaising with counsel on the priority to the Disputed Funds and distribution of the Disputed Funds;
 - b) distribution of funds to RBC pursuant to the Order for Advice and Direction; and
 - c) attending to various statutory filing, notices and other duties of the Receiver pursuant to the Receivership Order and the *Bankruptcy and Insolvency Act*.

DISPUTED FUNDS

13. Trail previously filed a notice with the Receiver indicating they were owed \$103,088 plus undisclosed interest and claiming a purchase money security interest ("PMSI") in appliances delivered by them to the apartment complex. Immediately prior to the Receiver's application for advice and direction on March 26, 2015, Trail advised it was owed a total of approximately \$275,000. Trail had previously filed a registration at PPR, which lapsed on December 5, 2014, subsequent to the GSA of RBC. Trail had not provided the PMSI security or other documentation to the Receiver before the March 26, 2015 application.
14. On application by the Receiver on March 26, 2015, the Court approved the distribution of funds to RBC except for \$275,000, which was to be held pending resolution of the Trail priority claim. Additional funds were also held back by the Receiver until its discharge.

15. The Receiver through its counsel requested that Trail provide documentation to support its PMSI claim to the Disputed Funds and Trail provided some information to support their claim to the Disputed Funds. This information was reviewed by the Receiver and its counsel, but in their view the documentation did not support a PMSI or other claim in priority to the security of RBC.
16. The Receiver negotiated a settlement with Trail and a Consent Order was agreed to which provides for a payment of \$5000 to Trail in full and final satisfaction of any and all priority claims against 132. The Consent Order is attached as **Appendix "B"**.

RECEIVER'S STATEMENT OF RECEIPTS AND DISBURSEMENTS

17. The Receiver's Statement of Receipts and Disbursements is as follows:

Whitemud Heights Ltd. Statement of Receipts and Disbursements For The Period from November 13, 2013 to June 22, 2015	
	Total
Receipts	
Receiver's borrowings	\$ 915,000
Total Receipts	15,363,250
Disbursements	
Contractor services	23,752
Utilities and services	162,180
Insurance	230,078
Security	173,336
Site supervision	84,200
Fence rental	10,222
Bank charges	77
Professional fees	422,397
Relator fees	263,513
Other disbursements	670
Receiver's borrowings repayment	975,765
Payment to secured creditor	12,650,000
Total Disbursements	\$ 14,996,191
Net Cash Flow	\$ 367,058
Cash Position	
Opening Cash Position	-
Closing Cash Position	367,058

- a. The Receiver has incurred obligations in respect of Receivership fees, legal fees, and other commitments that have not yet been paid and are not reflected in the Receipts and Disbursements.
- b. There are no other sources of funds available to the estate.

APPROVAL OF RECEIVER FEES AND DISBURSEMENTS AND COUNSEL FEES

18. The Receiver seeks approval of its fees and disbursements and those of its legal counsel from the Receivership Date to June 30, 2015. Attached as **Appendix "C"** hereto is a summary of the Receiver's and its counsel's accounts up to and including May 31, 2015. The accounts do not include an estimate for unbilled professional fees and fees to complete the administration of \$18,000 for the Receiver and \$12,000 for its counsel.
19. The Receiver and its counsel's fee accounts are based on actual time spent at standard rates and the invoices 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. Copies of the invoices will be made available upon request of the Court, if required.
20. The Receiver is respectfully of the view that its and its counsel's fees and costs are fair and reasonable under the circumstances and respectfully requests the Court approve the accounts of the Receiver actually incurred to date and estimated to complete.

PROPOSED FINAL DISTRIBUTION OF REMAINING FUNDS

21. The Receiver, pursuant to the Receivership Order and Order for Advice and Direction, is required to obtain agreement of Trail and RBC or approval of the Court in order to distribute the Trail Funds.
22. A Consent Order has been agreed to and authorizes the payment of \$5000 to Trail and the Receiver proposed to pay Trail that amount.
23. The Receiver proposes to pay the remaining fees and disbursements outlined in paragraph 18 and distribute the remaining funds of approximately \$337,000 to RBC.

APPROVING CONDUCT AND DISCHARGE OF RECEIVER

24. The Receiver is of the respectful view that it has conducted itself appropriately during this receivership and is respectfully requesting that the Court approve the actions and conduct of the Receiver throughout the receivership proceedings.
25. The Receiver's administration of the estate is complete and the Receiver's discharge should be granted upon the Receiver making the Proposed Final Distribution.
26. The Receiver is in custody of certain records of 132. The Receiver is seeking authorization from the Court to allow the Receiver to destroy any and all records on or after August 15, 2015, if some or all of the records are not collected by any of the current directors of 132.

CONCLUSION

27. The Receiver's administration of the estate will be finalized upon distribution of the remaining funds and accordingly requests the Court approve:
 - i. the distribution of the remaining funds as set out in paragraphs 22 and 23;
 - ii. the fees and disbursements of the Receiver and its counsel;
 - iii. the final statement of receipts and disbursements and the conduct of the Receiver;
 - iv. the destruction of any records of 132 in the Receiver's possession after August 15, 2015; and
 - v. the discharge of the Receiver.

All of which is respectfully submitted to the Court this 22nd day of June, 2015.

**Alvarez & Marsal Canada Inc.,
in its capacity as Receiver and Manager of
1324206 Alberta Ltd.**



Tim Reid, Senior Vice President

Appendix“A”

COURT FILE NUMBER 1303 15731

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE EDMONTON

PLAINTIFF RIDGE DEVELOPMENT CORPORATION

DEFENDANT 1324206 ALBERTA LTD.

DOCUMENT ORDER
Advice and Direction

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT McMillan LLP
Suite 1700, 421 - 7th Avenue S.W.
Calgary, Alberta T2P 4K9

Attention: Adam C. Maerov
Telephone: (403) 215-2752
Facsimile: (403) 531-4720
Email: adam.maerov@mcmillan.ca
File No. 222630



I hereby certify this to be a true copy of the original.
[Signature]
for Clerk of the Court

DATE ON WHICH ORDER WAS PRONOUNCED: March 26, 2015

NAME OF JUSTICE WHO MADE THIS ORDER: Justice D.R.G. Thomas

LOCATION OF HEARING: Edmonton Law Courts

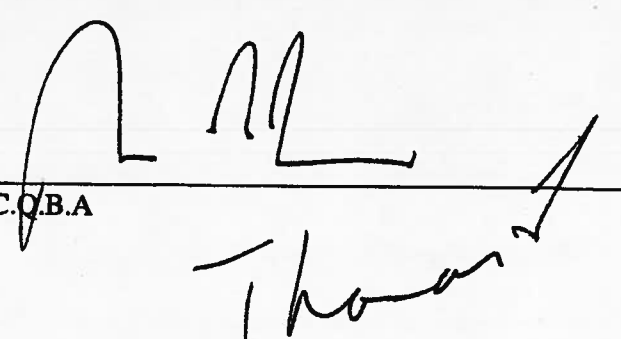
UPON THE APPLICATION by Alvarez & Marsal Canada Inc. in its capacity as receiver and manager, without security (the "Receiver"), of all the current and future assets, undertaking, properties of 1324206 Alberta Ltd. (the "132"); AND UPON having read the Application, the Second Report of the Receiver, dated March 20, 2015, and the Affidavit of Service of Sarah Alker sworn March 26, 2015; AND UPON hearing from counsel for the Receiver, from counsel for Royal Bank of Canada ("RBC"), from counsel for other interested parties, and from other interested parties in attendance:

IT IS HEREBY ORDERED AND DECLARED THAT:

1. Service of the application respecting this Order and supporting materials is hereby declared to be good and sufficient, no other person is required to have been served with notice of this application, and the time for service of this application is abridged to that actually given.

2. The Receiver is hereby authorized and directed to pay to RBC in partial satisfaction of amounts owing by 132 to RBC an interim distribution in the amount of \$12,650,000.
3. The Receiver shall retain the sum of \$275,000 pending the determination of the relative priority of the claim asserted by Trail Appliances Ltd., and shall not distribute such sum without the agreement of Trail Appliances Ltd. and RBC, or further order of this Court.
4. Subject to paragraph 3, the Receiver is further authorized to pay to RBC, without further Order of this Court, such further amounts from net proceeds realized from the property, assets and undertaking of 132 as it deems fit, from time to time on account of any amounts which may remain outstanding to RBC, subject to the holdbacks described in the Second Report of the Receiver and the passing of the Receiver's accounts and approval of its final statement of receipts and disbursements.
5. The Statement of Receipts and Disbursements as set out in the Second Report of the Receiver is hereby approved.
6. The activities of the Receiver, as set out in the Second Report of the Receiver, are hereby approved.
7. The Receiver is at liberty to reapply for further advice, assistance and direction as may be necessary to give full force and effect to, and in carrying out the terms of, this Order.
8. This Order must be served only upon those interested parties attending or represented at the within application and service may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following the transmission or delivery of such documents.

J.C.Q.B.A



Appendix“B”

Clerk's Stamp

COURT FILE NO. 1303 15731

COURT COURT OF QUEEN'S
BENCH OF ALBERTA

JUDICIAL CENTRE EDMONTON

PLAINTIFF RIDGE DEVELOPMENT CORPORATION

DEFENDANTS 1324206 ALBERTA LTD.

PARTY FILING THIS DOCUMENT ALVAREZ & MARSAL CANADA INC. IN ITS
CAPACITY AS THE COURT APPOINTED
RECEIVER AND MANAGER OF 1324206
ALBERTA LTD.

DOCUMENT CONSENT ORDER

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

McMILLAN LLP
1700, 421 – 7th Avenue S.W.
Calgary, AB T2P 4K9
Attention: Adam C. Maerov / Marc-Elie Scott

Telephone: (403) 215-2752
Facsimile: (403) 531-4720
Email: adam.maerov@mcmillan.ca
File No. 222630

DATE ON WHICH ORDER WAS PRONOUNCED: June 30, 2015

LOCATION OF HEARING: Edmonton, Alberta

NAME OF JUDGE WHO MADE THIS ORDER: The Honourable Justice D.R.G. Thomas

UPON THE APPLICATION by Alvarez & Marsal Canada Inc. in its capacity as receiver and manager, without security (the "Receiver"), of all the current and future assets, undertaking, properties of 1324206 Alberta Ltd. (the "132"); **AND UPON** hearing from counsel for the Receiver, counsel for Royal Bank of Canada ("RBC"), and counsel for Trail Appliances Ltd. ("Trail Appliances") (collectively, the "Parties"); **AND UPON** noting consent of counsel for the Parties: **IT IS ORDERED THAT:**

1. Further to the Order of Justice Thomas granted March 26, 2015, the Receiver shall pay to Trail Appliances \$5,000 (the "Trail Funds") in full satisfaction of any and all priority claims advanced by Trail Appliances against 132 .
2. The Trail Funds shall be payable to Trail Appliances within 10 days of this Order being filed with the Clerk of the Court.
3. The Receiver shall not be required to retain any further funds in relation to any priority claim advanced by Trail Appliances against 132 and the Receiver shall be free to distribute the remaining funds without regard to any priority claim advanced by Trail Appliances against 132.
4. This Order may be consented to in counterparts and by facsimile.
5. This Order is granted on a without costs basis.

J.C.Q.B.A

CONSENTED TO:

McMillan LLP

Fric, Lowenstein & Co LLP

Per: _____

Adam C. Maerov
Solicitors for ALVAREZ & MARSAL
CANADA INC. in its capacity as the
receiver and manager of 1324206
ALBERTA LTD.

Per: _____

Anthony Di Lello
Solicitors for TRAIL APPLIANCES
LTD.

Dentons LLP

Per: _____

Ray Rutman
Solicitors for the ROYAL BANK OF
CANADA

Appendix“C”

1324206 Alberta Ltd. (Whitemud Heights)

Summary of Professional Fees for the Receiver and its Legal Counsel

For The Period from November 13, 2013 to May 31, 2015

Firm	Invoice No.	Fees	Disbursements	HST/GST	Total
Alvarez & Marsal Canada Inc.	#1	46,310.00	1,211.45	2,376.07	49,897.52
	#2	6,632.50	24.46	332.85	6,989.81
	#3	19,125.00	-	956.25	20,081.25
	#4	9,833.50	-	491.68	10,325.18
	#5	21,915.00	7.50	1,096.13	23,018.63
	#6	6,172.50	253.89	321.32	6,747.71
	#7	3,507.50	225.00	186.63	3,919.13
	#8	6,365.50	45.00	320.53	6,731.03
	#9	18,476.00	-	923.80	19,399.80
	#10	5,771.50	363.40	306.75	6,441.65
Total		\$ 144,109.00	\$ 2,130.70	\$ 7,312.01	\$ 153,551.71
McMillan LLP	3004310	1,308.50	77.50	69.30	1,455.30
	3004388	4,414.00	11.00	221.25	4,646.25
	3004497	3,707.50	-	185.38	3,892.88
	3004639	1,441.00	-	72.05	1,513.05
	3004730	967.50	32.76	49.71	1,049.97
	3004828	237.50	-	11.88	249.38
	3004930	1,440.50	61.75	72.11	1,574.36
	3005334	24,194.00	58.35	1,212.62	25,464.97
	3005381	18,386.00	71.40	920.87	19,378.27
	3005487	9,392.45	-	469.02	9,861.47
	3005626	43,757.00	1,129.00	2,242.40	47,128.40
	3005754	24,763.00	462.48	1,260.97	26,486.45
	3005944	18,166.00	964.71	923.61	20,054.32
	3006161	87,018.00	1,588.64	4,430.33	93,036.97
	3006071	3,439.00	57.30	174.82	3,671.12
	3006224	3,947.00	953.17	245.01	5,145.18
	3006315	4,013.00	22.16	201.76	4,236.92
Total		\$ 250,591.95	\$ 5,490.22	\$ 12,763.07	\$ 268,845.24
Total Professional Fees		\$ 394,700.95	\$ 7,620.92	\$ 20,075.08	\$ 422,396.95