File No. CI 15-01-97928

THE QUEEN'S BENCH
WINNIPEG CENTRE

IN THE MATTER OF: AN APPLICATION PURSUANT TO SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c.B-3, AS AMENDED

B E T W E E N:

CAMERON STEPHENS FINANCIAL CORPORATION,

Applicant,

- and -

5448124 MANITOBA LTD.,

Respondent.

FOURTH REPORT TO THE COURT OF GRANT THORNTON LIMITED IN ITS CAPACITY AS RECEIVER OF THE RESPONDENT DATED: APRIL , 2017

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Client File No. 98665-1 DJAC

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INTRODUCTION AND PURPOSE OF THE FOURTH REPORT

1. On October 16, 2015, the Honourable Mr. Justice Dewar issued an Order (the "**Appointment Order**") appointing Grant Thornton Limited as receiver (the "**Receiver**") of all of the assets, undertakings and property of 5448124 Manitoba Ltd. ("**544**" and/or the "**Company**"). A copy of the Appointment Order is attached as **Appendix "1"** to this Fourth Report ("**Fourth Report**") of the Receiver.

2. At the October 27, 2015 return date and upon review of the Receiver's First Report to the Court ("**First Report**") Justice Dewar issued an Amended and Restated Order (the "**Amended and Restated Order**"). Copies of the First Report (without appendices) and the Amended and Restated Order are attached as **Appendix "2"** and **Appendix "3"** to this Fourth Report of the Receiver.

3. The Receiver issued its Second Report ("**Second Report**") on March 31, 2016 which among other things sought an increase to the Receiver's borrowing limit. On April 8, 2016, the Honourable Mr. Justice Dewar issued an Order approving the Receiver's Second Report and the relief sought (the "**April 8, 2016 Order**"). A copy of the Second Report (without appendices) and the April 8, 2016 Order are attached as **Appendix "4" and "5"** to this Fourth Report of the Receiver.

4. The Receiver issued its Third Report ("**Third Report**") on August 5, 2016 which among other things sought an increase to the Receiver's borrowing limit. On August 17, 2016, the Honourable Mr. Justice Dewar issued an Order approving the Receiver's Third Report and the relief sought (the "**August 17, 2016 Order**"). A copy of the Third Report (without appendices) and the August 17, 2016 Order are attached as **Appendix "6" and "7"** to this Fourth Report of the Receiver.

5. The purpose of the Fourth Report is to outline the Receiver's activities and findings since the issuance of the Third Report to the stakeholders. At this juncture it is not the Receiver's intention to bring a motion to the Court until such time as further directions are required.

SCOPE AND TERMS OF REFERENCE

6. In preparing this Fourth Report, the Receiver has relied upon unaudited financial information, the Company's records, financial information and projections and discussions with the Company's former management and contractors as well as information from the current property manager A.S.H Management Group Inc. ("**A.S.H**"). While the Receiver reviewed various documents and believes that the information therein provides a fair summary of the transactions as reflected in the documents, such work does not constitute an audit or verification of such information for accuracy, completeness or compliance with Generally Accepted Accounting Principles ("**GAAP**") or International Financial Reporting Standards ("**IFRS**"). Accordingly, the Receiver expresses no opinion or other form of assurance with respect to such information except as expressly stated herein.

7. Some of the information used in preparing this Fourth Report consists of financial projections. The Receiver cautions that these projections are based upon assumptions about future events and conditions that are not ascertainable. The Company's actual results may vary from the financial projections, even if the hypothetical and probable assumptions contained therein materialize, and the variations could be significant. The Receiver's review of the future oriented information used to prepare this Fourth Report did not constitute an audit of such information under GAAP or IFRS.

8. This Fourth Report has been prepared for the use of this Court and the Company's stakeholders as general information relating to the Company and for the purpose of assisting the Court when this matter next comes on before it. Accordingly, the reader is cautioned that the Fourth Report may not be appropriate for any other purpose. The Receiver will not assume responsibility or liability for losses incurred by the reader as a result of the circulation, publication, reproduction or use of the Fourth Report contrary to the provisions in this paragraph.

9. Capitalized terms not defined in this Fourth Report are as defined in the Appointment Order. All references to dollars are in Canadian currency unless otherwise noted.

10. Copies of this Fourth Report and all Orders issued in these proceedings are available on the Receiver's website at:

http://www.grantthornton.ca/services/reorg/bankruptcy_and_insolvency/519Burnell

PARTIES

11. 544 is a company incorporated pursuant to the laws of Manitoba that owns and operates a three story residential apartment building at 519 Burnell Street ("**Burnell" and/or "Property**"), Winnipeg, Manitoba.

12. The registered head office of the Company is located at 910 – 388 Portage Avenue, Winnipeg, Manitoba (the "**Head Office**").

13. Susannah Simes ("**Simes**") and Russell Knight ("**Knight**") are the officers and directors of the Company.

14. Cameron Stephens Financial Corporation ("**CSFC**") is a secured creditor of the Company and holds a first charge real property mortgage and personal property security against the Company's assets as well as holding personal guarantees of Simes and Knight. The Receiver has received an independent security opinion from Taylor McCaffrey LLP ("**Taylor**") acknowledging that CSFC's security is duly perfected and enforceable in accordance with its terms.

THE RECEIVER'S ACTIVITIES

15. Since the date of the Receiver's Third Report, the Receiver has completed the following:

    a. Corresponding and engaging in numerous discussions with operational stakeholders;

b. Requested and received funding under the Amended Loan Agreement between the Receiver and CSFC dated August 4, 2016 (the "**Amended Loan Agreement**") so that the Receiver could provide advances to A.S.H. to enable it to cover the cash outlays incurred on behalf of the Receiver that are in excess of the rental receipts;

c. Filed statutory 246(2) notices as required by the BIA;

d. Worked with A.S.H. to provide a form of monthly reporting acceptable to the Receiver and the secured creditor as part of the monthly reporting package required under the Receiver's Loan Agreement with CSFC;

e. Prepared comparison reports of the monthly budget to actual results and provided the reports to CSFC and A.S.H.;

f. Provided advances to A.S.H. to engage Pinchin Environmental ("**Pinchin**") to supervise and oversee the mold remediation work to be done in the basements units to resolve the basement dampness and resulting mold growth issues (the "**Basement Dampness Issues**") as previously detailed in the Receiver's Third Report;

g. Worked with its legal counsel to settle a City of Winnipeg by-law infraction which was issued to 544 prior to the date of Appointment Order relating to 544's alleged past failure to remove an accumulation of garbage on the Property;

h. Assessed with A.S.H. and CSFC the appropriate adjustments to make to the monthly rental rates to estimated market values which has resulted in 50 apartments that are being leased at the Property as of March 1, 2017, up from 28 leased as at the date of the Appointment Order;

i. Worked with and provided information relating to the property to Potential Purchasers who had signed a confidentiality agreement who had expressed an unsolicited interest in the Property with the objective of identifying a "Stocking Horse" bidder for a future sale process;

j. Worked with A.S.H., CSFC and two engineering firms to determine various possible solutions to correct the Basement Dampness Issue as detailed in the Receiver's Third Report and discussed further in this Fourth Report;

k. Worked with A.S.H. and CSFC to determine further improvements needed to the building to make the units more marketable for future tenants;

l. Requested A.S.H. to look into the zoning application that seeks approval to increase the number of rentable units from 80 to 88 units that expires in September 2017 and whether or not the existing application could be transferred or extended or if a new application needed to be filed which is discussed in more detail later in this report;

m. Amended the Second Amending Loan Agreement to amend the expiry date of the current loan agreement being December 31, 2016 to December 31, 2017; and

n. Posted information on the Receiver's website including the Receiver's Fourth Report.

MANAGEMENT and OPERATIONS OF 519 BURNELL

16. As disclosed in the Receiver's Second Report, less than one half of the units in Burnell were occupied at the time of the Appointment Order and the expenses incurred relating to the Property's operations exceeded the rent being collected.

17. Since the Receiver's Third Report was issued, A.S.H. entered into a further nineteen leases up to March 1, 2017. A further reduction in the monthly rental rate or additional incentives will be contemplated if additional tenants are not found in due course for the other unleased units.

18. A.S.H. has been aggressively marketing the units and offering various incentives to potential tenants. As of March 1, 2017, the building had 50 rented units and the operations are almost at breakeven cash flow before debt service, capital expenditures and professional fees.

STATE OF 519 BURNELL

19. As discussed in the Third Report, A.S.H. rectified a number of issues that were identified as **Priority Expenditures** as defined and detailed in the Second Report.

20. As also reported in the Third Report, the Receiver learned that the basement walls and foundation were damp as a result of either the grading of the Property and/or the foundation's exterior seal. Dampness in the exterior wall had penetrated through to the interior walls in the basement resulting in significant mold growth in the walls and floors. All basement tenants were either relocated to the upper floors or vacated voluntarily.

21. As detailed in the Receiver's Third Report, Pinchin conducted a review of the basement interior and determined the extent of mold infestation, prepared a scope of work for the affected units including sealing off the basement, tendered the scope of work to various contractors and prepared a summary of their findings and quotations to remediate all the affected basement units.

22. After approval of the Receiver's Third Report and the increase to the Receiver's borrowing limit, the Receiver obtained an advance under the Amended Loan Agreement and approved A.S.H. engaging Pinchin to act as the general contractor for the basement units remediation work.

23. Pinchin completed the basement units work in or about October, 2016. However, when A.S.H. conducted an inspection in late January, 2017 it identified signs of moisture and early signs of reoccurring mold growth on the basement wall.

24. Pinchin re-visited the site on February 2, 2017 and reported as follows:

a) there is new mold growth present in about 10 spots on the lower 6-8 inches of the hallway walls as well as spalling on the lower two feet of 60% of the hallway walls;

b) there was no water dripping down the wall or pooled on the floor and the relative humidity was normal at 26.7 % and the temperature was 17.5 C;

c) the basement is heated by radiant baseboard heaters therefore little to no air movement is present;

d) the lack of insulation on areas of the exterior brick walls can cause thermal bridging and condensation to form. The lack of air movement doesn't allow the surface moisture to evaporate easily; and

e) the moisture sits and collects on the surface of the walls causing the spalling and mold growth.

25. Pinchin recommended a long term solution which would improve ventilation and air movement in the redevelopment of the area. In the short term, Pinchin recommended (1) the areas where the mold is present be washed and scrubbed and (2) to place air movers in the basement hallways to aid with the existing lack of air movement.

26. The Receiver approved the $3,500.00 cost estimate to wash and scrub the walls and will proceed to obtain air movers to assist with temporary air movement in the basement until a permanent solution can be implemented.

INVESTIGATION INTO THE CAUSE OF BASEMENT DAMPNESS ISSUE

27. As indicated in the Third Report, A.S.H. had contacted three engineering firms to provide a proposal for their costs to prepare a report to investigate and determine the cause of the Basement Dampness Issue. Ultimately, Crosier was retained to provide a solution.

28. After Pinchin's remediation work was completed, Crosier was requested to re-attend to review the inside of the perimeter walls of the basement so that they could comment and confirm whether or not their initial findings of the foundation wall and corrective action to be taken was still applicable or not.

29. Crosier has reviewed the perimeter walls and stands by their initial findings and the course of action to correct the issue. Crosier's review did determine that the perimeter walls have been insulated with a spray foam, which will make the outside of the walls even colder and any water that enters the wall system will have a greater opportunity to freeze which Crozier indicated would accelerate the deterioration of the wall. Crosier has also indicated that the spray foam insulation should be removed but the cost should be covered in the contingency noted in their original quotation. A copy of Crozier's follow up recommendations are attached as **Appendix "8".**

30. The Receiver is still of the opinion that the estimated cost provided by Crosier contained in Confidential Appendix "2" in the Third Report should not be made public at this time as it could negatively impact a future tender process for the work, if required.

31. CSFC engaged its own engineer, Tetra Tech, to provide an assessment of the Basement Dampness Issue. It is Tetra Tech's assessment that the cause of the Basement Dampness Issue is improper grading of the ground around the building. Tetra Tech suggests that once the grading is corrected, the scope of work recommended by Crosier may not be necessary.

32. Superior Asphalt Paving Co. Ltd ("**SAPCL**") was engaged to correct the grading around the building in accordance with Tetra Tech's directions. A copy of the SAPCL quotation is attached as **Appendix "9"** and the work was completed in October, 2016.

33. The Receiver, A.S.H. and CSFC are waiting for spring when ground water levels should be at their highest to determine if the grading work has corrected the Basement Dampness Issue.

PRE-RECEIVERSHIP CITY OF WINNIPEG BY-LAW INFRACTION

34. As noted in the Third Report, the Receiver was forwarded a Provincial Court Summons by 544's bookkeeper requiring 544 to attend before the Provincial Court on September 8, 2016. This arose as a result of 544 failing to pay a ticket issued November 13, 2014, for 544's alleged failure to remove an accumulation of garbage on the Property pursuant to a City of Winnipeg by-law. Following discussions between the Receiver's counsel and the Crown Prosecutor the fine for the original infraction was paid and any other charges contemplated waived.

JULY 2016 TO JUNE 2017 BUDGET and CURRENT FUNDING REQUIREMENTS

35. Although significant efforts have been made to rehabilitate the building, Burnell still does not generate sufficient cash flow to meet required expenditures and professional fees without the funding provided by CSFC to the Receiver.

36. A.S.H. continues to provide monthly reporting updates which include financial information such as income statements, bank reconciliations, tenant receivables, rent rolls, accounts payable, accrual reports and status report of various aspects of the Property's operations which helps enable the Receiver to ascertain ongoing funding requirements.

37. A redacted and unredacted July 2016 to June 2017 Recasted Budget was included in the Third Report as Appendix "7" and Confidential Appendix "3" that indicated the operating cash requirements for the Property including the costs of the Receiver and its counsel to date, and the estimated professional costs for the period ending June 2017 ("**Recast Budget**").

38. Based upon the Recast Budget, this Court approved the increase in the Receiver's borrowing limit to $1,208,800.00 by Order signed August 17, 2016 and approved the Amended Loan Agreement dated August 8, 2016 between CSFC and the Receiver.

39. On or about December 23, 2016 CSFC and the Receiver agreed to extend the expiry date on the existing credit facilities to December 31, 2017. Attached as **Appendix "10"** is a true copy of the Second Loan Amending Agreement.

40. To date, the Receiver has requested and received five advances from CSFC totaling $848,000. There remains $ 360,000 of borrowing limit available to the Receiver. Given there are currently no significant expenditures planned, a further increase in the borrowing limit is not required at this time.

SALES PROCESS - EXPRESSIONS OF INTEREST

41. As indicated in the Third Report, a sales process was not being contemplated until certain milestones for the property were achieved. Some of those milestones have been completed which are;

    a) completion of the Priority Expenditures work; and

    b) eviction of the non-paying and disruptive tenants.

42. Some of the milestones for the property that are still ongoing include;

    a) lease up of the apartments to a stabilized occupancy; and

    b) potentially completing the work on the basement units that were remediated for mold in addition to those units that are subject to zoning and occupancy permit requirements that are incomplete.

43. In or about August 19, 2016 unsolicited expressions of interest in the property were received from two different parties (the "**Potential Purchasers**").

44. A.S.H. conduct site tours with each of the Potential Purchasers. The Receiver also provided financial information relating to the operations of the property along with such other information received on mold remediation, the Crozier report on the Dampness Issue, unit sizes and layouts and environmental reports.

45. Both Potential Purchasers declined to make an offer after they completed their due diligence.

46. The Receiver is of the view that it would be premature to conduct a formal, widely marketed sales process at this time.

47. Once the Receiver has determined the effectiveness of the grading work completed last fall on the basement dampness issue it can determine what additional steps, if any, must be taken and then reassess whether the property is ready to be marketed.

ADDITIONAL APPRAISAL OF THE PROPERTY

48. The Receiver was advised that CSFC was intending to engage an appraiser so they could obtain their own appraisal for the property. CSFC advised the Receiver that they were having problems finding an appraiser that did not have any conflicts.

49. In or about October 5, 2016 the Receiver became aware of the existence of an appraisal for the property which had not been revealed in 544's records. While CSFC was endeavoring to obtain its own independent appraisal, it was advised by Stevenson Advisors ("**Stevenson**") that it had previously conducted an appraisal for 544 in 2015. Based upon this information the Receiver contacted Stevenson and arrangements were made to provide it with a copy of the Stevenson Appraisal dated February 5, 2013 ("Stevenson Report"). The Receiver's intention is to file a copy of this appraisal with the Court but not until such time as it has first obtained a Sealing Order as public disclosure thereof could be prejudicial to a sales process. On an interim basis, the Receiver is prepared to provide a copy of the Stevenson Report to stakeholders who are prepared to sign an appropriate undertaking confirming that they will maintain the confidentiality as if such Sealing Order is in place and make no disclosure thereof pending further order of the court.

ZONING APPLICATION STATUS AND COMPLETION OF WORK

50. As disclosed in the Second and Third Reports, only 14 of the 22 basement units could be occupied until the outstanding Occupation Permit issue with the City is resolved. Resolution of this issue is contingent on re-zoning the property for R2-Residential Two-Family District to a RMF-L Residential Multi-Family Large District as well as completing building code deficiencies. Although the City approved the re-zoning it was contingent upon satisfaction of various conditions on or before September, 2017.

51. At the Receiver's request A.S.H. made the following inquiries to the City of Winnipeg:

    a) Can the zoning application expiry date be extended?

    b) Is the zoning application (which is currently registered to Stratfield Homes) transferable to the Receiver or a Potential Purchaser?

52. The City of Winnipeg advised that the expiry date cannot be extended. The current application cannot be transferred to another person or entity. The City further indicated that once the current application expires, an entirely new application must be filed and the usual approval process completed before the Occupation Permit can be granted.

53. CSFC and the Receiver are aware that there will be added costs to incur to resubmit a new zoning application if the work required under the current approved zoning application is not completed by the expiry date. However, until such time as the Basement Dampness Issue is corrected, the balance of the work required to complete the zoning application cannot be undertaken.

RECEIPTS AND DISBURSEMENTS OF THE RECEIVERSHIP

54. Attached as Appendix "11" is the Receiver's Interim Statement of Receipts and Disbursements for the period October 27, 2015 to February 28, 2017.

55. Attached as Appendix "12" is A.S.H.'s Interim Statement of Receipts and Disbursements for the period December 17, 2015 to February 28, 2017.

56. The Receiver notes that there are five Receiver Certificates issued to CSFC for a total of $848,000.00 to cover the initial and ongoing operational expenses and priority repairs required at the property. As at February 28, 2017, the Receiver held $107,814.30 in its bank accounts and A.S.H. held $5,216.30.

RECEIVER'S FEES AND DISBURSEMENTS

57. Pursuant to paragraph 18 of the Appointment Order, the Receiver and its counsel may pass their accounts from time to time.

58. The Receiver seeks to have its fees and disbursements, including those of its legal counsel, approved by the Court at the next hearing of this matter. The Receiver and its counsel have maintained detailed records of their professional time and costs.

59. Total fees, disbursements and applicable taxes of the Receiver for services provided from August 1, 2016 through to February 28, 2017 totals $52,235.67. Attached as Appendix "13" are true copies of the Receiver's statements of account including the detailed time and disbursement records.

60. Taylor has acted as the Receiver's legal counsel on all matters relating to this proceeding. Total fees, disbursements and applicable taxes for Taylor from August 1, 2016 through to February 28, 2017 is $19,675.55. Attached as Appendix "14" hereto are true copies of the statements of account rendered by Taylor which include the detailed time and disbursement breakdown.

61. It is the Receiver's opinion that the fees and disbursements of the Receiver and Taylor are fair and reasonable, justified in the circumstances and accurately reflect

the work done by the Receiver and on behalf of the Receiver by its legal counsel in connection with the receivership and the administration of the property of the Company from commencement of the engagement to February 28, 2017. The Receiver recommends approval of both its own and Taylor's accounts by this Honourable Court at the next hearing of this matter.

CONCLUSION

62. The Receiver believes it is an appropriate time to report to the Court on its activities since the Third Report and will in due course bring a motion for approval for its activities to date. CSFC has been consulted and supports the recommendations of the Receiver as set out herein.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this day of April, 2017.

GRANT THORNTON LIMITED,
IN ITS CAPACITY AS COURT-APPOINTED
RECEIVER OF 5448124 MANITOBA LTD.
AND NOT IN ITS PERSONAL OR CORPORATE CAPACITY

Per:________________________________

Michael G. Creber, CPA, CA, CF, CIRP, LIT
Senior Vice-President

APPENDIX 1

File No. CI 15-01-97928

THE QUEEN'S BENCH

Winnipeg Centre

IN THE MATTER OF: **THE APPOINTMENT OF A RECEIVER PURSUANT TO SECTION 243 OF THE BANKRUPTCY AND INSOLVENCY ACT R.S.C. 1985, c. B-3 AS AMENDED**

BETWEEN:

CAMERON STEPHENS FINANCIAL CORPORATION

Applicant

- and –

5448124 MANITOBA LTD.

Respondent

ORDER
(appointing receiver)

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THE QUEEN'S BENCH
WINNIPEG CENTRE

THE HONOURABLE MR.	)	FRIDAY, THE 16TH
	)	
JUSTICE DEWAR	)	DAY OF OCTOBER, 2015

IN THE MATTER OF: **THE APPOINTMENT OF A RECEIVER PURSUANT TO SECTION 243 OF THE BANKRUPTCY AND INSOLVENCY ACT R.S.C. 1985, c. B-3 AS AMENDED**

BETWEEN

CAMERON STEPHENS FINANCIAL CORPORATION

Applicant

\- and -

5448142 MANITOBA LTD.

Respondent

ORDER
(appointing Receiver)

THIS APPLICATION made by the Applicant, Cameron Stephens Financial Corporation for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**") appointing Grant Thornton Limited as receiver and manager (in such capacities, the "**Receiver**") without security, of all of the assets, undertakings and properties of 5448124 Manitoba Ltd. (the "**Debtor**") acquired for, or used in relation to a business carried on by the Debtor, was heard on September 29, 2015 and continued on October 7, 2015 and October 16, 2015 at the Law Courts Building, 408 York Avenue, Winnipeg, Manitoba.

ON READING the Affidavit of David Minor sworn September 25, 2015, the Affidavit of Gregory Azeff sworn September 28, 2015, the Affidavit of Russell Edward Knight sworn October 2, 2105, the Supplementary Affidavit of David Minor sworn October 6, 2015, the Affidavit of Arlene Phillips sworn October 6, 2015, the transcription of the hearing of this

Application on September 29, 2015, the transcription of the cross-examination Russell Edward Knight conducted October 6, 2015, two Affidavits of Service of Samantha Dunn both sworn September 28, 2015, the Affidavit of Service of Samantha Dunn sworn October 2, 2015, two Affidavits of Service of Samantha Dunn both sworn October 5, 2015, the Affidavit of Service of Samantha Dunn sworn October 6, 2015 and the Affidavit of Service of Samantha Dunn sworn October 7, 2015, the Affidavit of Service of Samantha Dunn sworn October 15, 2015 and on hearing the submissions of counsel for the Applicant, Russell Edward Knight on behalf of the Debtor, and counsel for the Proposed Receiver and no one appearing for any other party although duly served as appears from the said affidavits of service, and on reading the consent of Grant Thornton Limited to act as the Receiver and on the failure of the Respondent to make the payment required pursuant to the Order of this Honourable Court dated October 7, 2015:

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Application is hereby abridged and validated so that this Application was properly returnable on September 29, 2015 and continued on October 7, 2015 and October 16, 2015 and hereby dispenses with further service thereof.

APPOINTMENT

2. THIS COURT ORDERS that pursuant to section 243(1) of the BIA Grant Thornton Limited is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the "**Property**").

RECEIVER'S POWERS

3. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

a. to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;

b. to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes (exclusive of those locks and/or security codes at 910-388 Portage Ave, Winnipeg), the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;

c. to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;

d. to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel, property management companies and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;

e. to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;

f. to receive and collect all monies, rents and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;

g. to settle, extend or compromise any indebtedness owing to the Debtor;

h. to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;

i. to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;

j. to complete and close, on the Debtor's behalf, the transaction contemplated by the Offer to Purchase Real Estate – Commercial between the Debtor, as vendor, and GTAC Investment Corp., as purchaser, dated September 17, 2015, with respect to the real property municipally known as 519 Burnell St., Winnipeg;

k. to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;

l. to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;

m. to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;

n. to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;

o. to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;

p. to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and

q. to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations;

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

4. THIS COURT ORDERS that if there is any dispute with a party other than the Debtor (a "**Third Party**") as to whether any property (the "**Disputed Property**") is owned by such Third Party or by the Debtor (and therefore constitutes Property which properly should be in the possession of the Receiver pursuant to the terms of this Order), such Disputed Property shall be held by the Receiver pending further Order of this Court. Either the Third Party or the Receiver may make application to this Court on seven (7) days prior notice to the other for an order asking for directions with respect to the Disputed Property.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

5. THIS COURT ORDERS that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, property management companies, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

6. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the

"Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 6 or in paragraph 7 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

7. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

8. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a **"Proceeding"**), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

9. THIS COURT ORDERS that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending futher Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

10. THIS COURT ORDERS that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

11. THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

12. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such

goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

13. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

14. THIS COURT ORDERS that all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

15. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "**Sale**"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

16. THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Environmental Act* (Manitoba), the *Water Resources Conservation Act* (Manitoba), the *Contaminated Sites Remediation Act* (Manitoba), the *Dangerous Goods Handling and Transportation Act* (Manitoba), the *Public Health Act* (Manitoba) or the *Workplace Health and Safety Act* (Manitoba) and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The

Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

17. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act* or in respect of any contracts entered into by the Receiver in respect of the administration of the Property. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

18. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "**Receiver's Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

19. THIS COURT ORDERS that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of this Court, but nothing herein shall fetter this Court's discretion to refer such matters to a Master of this Honourable Court.

20. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands,

against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

21. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed $100,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

22. THIS COURT ORDERS that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

23. THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "**Receiver's Certificates**") for any amount borrowed by it pursuant to this Order.

24. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

SERVICE AND NOTICE

25. THIS COURT ORDERS that the Applicant and the Receiver be at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic transmission to the Respondent's creditors or other interested parties at their respective addresses as last shown on the records of the Respondent and that any such service or notice by courier, personal delivery or electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing. Interested persons who do not send a request, in writing, to counsel for the Applicant to be added to the service list (hereinafter defined) shall not be required to be served further in these proceedings.

26. THIS COURT ORDERS that counsel for the Applicant shall prepare and provide to the Receiver a service list to be kept current by the Receiver (the **"Service List"**) containing the name and contact information (which may include the address, telephone number and facsimile number or e-mail address) for service to: the Applicant; the Receiver; and each creditor or other interested party who has sent a request, in writing, to counsel for the Receiver to be added to the Service List. The Service List shall indicate whether each person on the Service List has elected to be served by e-mail or facsimile, and failing such election the Service List shall indicate service by e-mail. The Service List shall be posted on the website of the Receiver at the address indicated in paragraph 27 herein. **For greater certainty, creditors and other interested persons who have received notice of this Order and who do not send a request, in writing, to counsel for the Receiver to be added to the Service List shall not be required to be further served in these proceedings.**

27. THIS COURT ORDERS that the Applicant, the Receiver, and all parties on the Service List may serve any court materials in these proceedings by e-mailing a PDF or other electronic copy of such materials to counsels' email addresses as recorded on the Service List from time to time, and the Receiver may post a copy of any or all such materials on its website at www.GrantThornton.ca/519Burnell.

GENERAL

28. THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

29. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

30. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

31. THIS COURT ORDERS that the costs of this Application may be spoken to at a future time upon notice to the Respondent.

32. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

33. THIS COURT ORDERS that the Applicant, Respondent and Receiver shall appear before me at 12:45 PM on October 27, 2015.

October 6th, 2015

Dewar, J

SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. ______________

AMOUNT $_____________________

1. THIS IS TO CERTIFY that Grant Thornton Limited, the receiver (the "**Receiver**") of the assets, undertakings and properties of 5448124 Manitoba Ltd. acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "**Property**") appointed by Order of The Queen's Bench, Winnipeg Centre (the "**Court**") dated the 29th day of September, 2015 (the "**Order**") made in an action having Court file number CI 15-01-97799, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of $__________, being part of the total principal sum of $100,000 which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _______ day of each month] after the date hereof at a notional rate per annum equal to the rate of ______ per cent above the prime commercial lending rate of Bank of _________ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver

to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the _____ day of ______________, 20__.

Grant Thornton Limited, solely in its capacity as Receiver of the Property, and not in its personal capacity

Per: ______________________________

Name:

Title:

APPENDIX 2

Court File No. CI15-01-97928

THE QUEEN'S BENCH
WINNIPEG CENTRE

IN THE MATTER OF AN APPLICATION PURSUANT TO SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT,* R.S.C. 1985, c.B-3, AS AMENDED

B E T W E E N:

CAMERON STEPHENS FINANCIAL CORPORATION,

Applicant,

\- and –

5448124 MANITOBA LTD.,

Respondent.

FIRST REPORT TO THE COURT OF GRANT THORNTON LIMITED IN ITS CAPACITY AS RECEIVER OF THE RESPONDENT DATED: OCTOBER 26, 2015

TAYLOR McCAFFREY LLP
Barristers and Solicitors
9th Floor - 400 St. Mary Avenue
Winnipeg, Manitoba, R3C 4K5
David R.M. Jackson/ Sam A. Gabor
988-0375
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Client File No. 98665-1

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Appendix 4	Email from Receiver to Russ Knight dated October 22, 2015, re: Receiver's request for information relating to 519 Burnell Street purchase agreement, deposit books and rent roll arrears
Appendix 5	Email from Russ Knight to Receiver dated October 23, 2015, re: no sales process by 5448124 Manitoba Ltd. for sale of 519 Burnell Street
Appendix 6	Quickbooks summary of Rents Collected for 519 Burnell from November 2014 to October 2015
Appendix 7	November 2014 Rent Roll provided by 5448124 Manitoba Ltd. to Cameron Stephens Financial Corporation
Appendix 8	Email from Russ Knight to Receiver dated October 21, 2015, re: current occupancy and explanation of difference from the August, 2015 Rent Roll in his affidavit sworn October 2, 2015 (see Exhibit E)
Appendix 9	Occupancy permit from City of Winnipeg and email dated October 20, 2015 from Russ Knight to Receiver, re: current status of the issue
Appendix 10	Email from Russ Knight to Receiver dated October 21, 2015, re: geo-thermal system work and its costs

CONFIDENTIAL APPENDICES

(to be filed separately under seal)

Confidential Appendix 1	Altus Appraisal dated October 20, 2014
Confidential Appendix 2	Altus Appraisal dated February 21, 2014

INTRODUCTION AND PURPOSE OF THE FIRST REPORT

1. On October 16, 2015, the Honourable Mr. Justice Dewar issued an Order (the "**Appointment Order**") appointing Grant Thornton Limited as receiver (the "**Receiver**") of all of the assets, undertakings and property of 5448124 Manitoba Ltd. ("**544**"), (the "**Company**"). A copy of the Appointment Order and Endorsement is attached as **Appendix 1** to this first report ("**First Report**") of the Receiver.

2. The purpose of the First Report is to first outline the Receiver's activities and findings since the appointment of the Receiver. Further, to provide the Court with an evidentiary basis to determine whether to grant the relief sought by the Applicant to provide the Receiver with the authority to market the apartment building at 519 Burnell Street ("Burnell")for sale. Further, to recommend that the Court issues an order:

   a) Approving the First Report and the conduct and activities of the Receiver described therein;

   b) Granting a temporary sealing order with respect to Confidential Appendices "1" and "2" of this First Report until further order of the Court;

   c) Amending and restating the Appointment Order to include the following:

      i. Increasing the Receiver's authorization to borrow funds and the Receiver's borrowing charge to $250,000 from $100,000;

      ii. Authorizing the Receiver to take the necessary steps to prepare Burnell for sale and take other steps to preserve, protect and improve the Respondent's property without regard for the terms and conditions of the APS (as herein after defined) and related arrangements;

      iii. Revise paragraph 17 of the Appointment Order so that it is consistent with the Limitation on the Receiver's Liability set out in the Model Template Receivership Order.

SCOPE AND TERMS OF REFERENCE

3. In preparing this First Report, the Receiver has relied upon unaudited financial information, the Companies' records, financial information and projections and discussions with the Companies' management and employees. While the Receiver reviewed various documents provided by the Companies and believes that the information therein provides a fair summary of the transactions as reflected in the documents, such work does not constitute an audit or verification of such information for accuracy, completeness or compliance with Generally Accepted Accounting Principles ("**GAAP**") or International Financial Reporting Standards ("**IFRS**"). Accordingly, the Receiver expresses no opinion or other form of assurance with respect to such information except as expressly stated herein.

4. Some of the information used in preparing this First Report consists of financial projections. The Receiver cautions that these projections are based upon assumptions about future events and conditions that are not ascertainable. The Companies' actual results may vary from the financial projections, even if the hypothetical and probable assumptions contained therein materialize, and the variations could be significant. The Receiver's review of the future oriented information used to prepare this First Report did not constitute an audit of such information under GAAP or IFRS.

5. This First Report has been prepared for the use of this Court and the Companies' stakeholders as general information relating to the Companies and for the purpose of assisting the Court in making a determination of whether to approve the relief sought. Accordingly, the reader is cautioned that the First Report may not be appropriate for any other purpose. The Receiver will not assume responsibility or liability for losses incurred by the reader as a result of the circulation, publication, reproduction or use of the First Report contrary to the provisions in this paragraph.

6. Capitalized terms not defined in this First Report are as defined in the Appointment Order. All references to dollars are in Canadian currency unless otherwise noted.

7. Copies of this First Report and all Orders and Endorsements issued in these proceedings will be available on the Receiver's website at:

http://www.grantthornton.ca/services/reorg/bankruptcy_and_insolvency/519Burnell

PARTIES

8. 544 is a company incorporated pursuant to the laws of Manitoba that owns and operates a three story residential apartment building at 519 Burnell Street, Winnipeg, Manitoba.

9. The registered head office of the Company is located at 910 – 388 Portage Avenue, Winnipeg, Manitoba (the "**Head Office**").

10. Susannah Simes ("**Simes**") and Russell Knight ("**Knight**") are the officers and directors of the Company.

11. Cameron Stephens Financial Corporation ("**CSFC**") is a secured creditor of the Company and holds a real property mortgage and personal property security against the Company's assets as well as holding personal guarantees of Simes and Knight.

CONSERVATORY AND PROTECTIVE MEASURES

12. Since the date of its appointment, the Receiver has completed the following:

    a) attended at the Head Office of the Company to confirm the premises were not solely being used by the Company and as such the Receiver did not take possession;

    b) held discussions and corresponded with Knight regarding, among other things, the contemplated purchase and sale transaction between GTAC and the Company, as discussed below;

    c) conducted a site visit of Burnell to ascertain the state of Burnell and to determine if there were any immediate health and safety concerns;

    d) secured certain books and records of the Company that were provided by the Company and Knight to the Receiver (the "**Records**");

    e) secured the bank accounts of the Company and arranged for the transition of banking to the Receiver's accounts;

f) sent a request to Canada Post to redirect the Company's mail to the Receiver's office which mail includes rent cheques issued by the Red Cross and the Manitoba Employment and Income Assistance Program;

g) reviewed existing insurance policies of the Company to confirm same was in effect and carried adequate coverage's for Burnell;

h) created a preliminary budget to establish the estimated borrowing of funds necessary to fund the key disbursements required to stabilize the Company's operations;

i) corresponded and held a discussion with the proposed purchaser of Burnell, GTAC Investments Corp ("**GTAC**"), to determine its ability to fund and close the contemplated purchase and sale transaction between GTAC and the Company, as discussed below;

j) confirmed with the Company that there are no employees and was advised by the Company that anyone working at Burnell is on contract and provides invoices with no source deductions withheld;

k) reviewed the rent roll issued by the Company for the CSFC advance and the use of the funds from the CSFC advance;

l) reviewed the Company's available records relating to the rent collected by the Company for the period of November 2014 to October 2015, as discussed below;

m) setup and posted information relating to this filing on the Receiver's website including this First Report;

n) prepared and issued all statutory notices pursuant to sections 245(1) and 246(1) of the *Bankruptcy and Insolvency Act* (the "**BIA**"); and

o) provided stakeholders with regular updates on the status of the receivership.

13. The Receiver has not proceeded with the following actions and is waiting until it has reported its findings regarding the Purchase and Sale Agreement ("APS") between GTAC and the Company to this Court, as discussed below:

a) Registering a charge against Burnell for the Receivership;

b) Notifying the tenants of the Receivership and the intentions of the Receiver;

c) Contacting the insurer for the Company to add the Receiver as a loss payee;

d) Terminating the services of the contractors working at Burnell;

e) Contacting utilities to place the utility accounts in the name of the Receiver;

f) Commissioned its own appraisal of Burnell;

g) Investigated the issues with the City of Winnipeg surrounding Burnell's building permit issue, as discussed below;

h) Sought or engage new property management to assist with stabilizing and renting up of Burnell; and

i) Assess and budgeting the level of repairs required for Burnell.

APPRAISALS FOR 519 BURNELL

14. The Receiver has received two appraisals for Burnell from the Company. Both appraisals were issued by Altus Group Limited and both of which the Receiver requests this Court accept for filing under seal. Copies of the two appraisals to be filed with the Court are attached as **Confidential Appendices "1" and "2".** One of the appraisals was on an unfurnished basis, while the other was on a fully furnished basis. Both appraisals are based on "Extraordinary Assumptions and Limiting Conditions" which include the following:

a) "As of the date of inspection, the subject project appeared to be in final stages of renovations with some units occupied. For purposes of this appraisal, the subject project is **assumed complete with all units fully occupied** under stabilized market conditions as of the effective date. We have made the **extraordinary assumption** that the subject property is in similar condition as of the effective date as on the inspection date, and further assume **that all planned renovations are complete**."

b) "Only select units were inspected at time of inspection. Remaining units are assumed to be of similar quality and condition as those units that were inspected".

(emphasis added)

15. These assumptions do not reflect the true state of the property as of the effective date, to the date of CSFC advanced financing or today.

16. It is the Receiver's view that while it is appropriate for the Court to be aware of these appraisals their public disclosure could be prejudicial to the Receiver's conduct of a future sales process and, as such, should be the subject of a sealing order until further order of this Court.

RECEIVER'S REVIEW AND ANALYSIS OF THE PURCHASE AND SALE AGREEMENT BETWEEN THE COMPANY AND GTAC

17. The Receiver arranged a meeting with Knight on October 19, 2015. The purpose of the meeting was to discuss the APS between the Company and GTAC Investment Corp. that is scheduled to close on October 30, 2015. A copy of the APS is attached as **Appendix "2".** During the meeting, the Receiver asked Knight if he had any other documents to support the legitimacy of the APS and that the Purchaser had the ability to close the transaction. The Receiver received no such documents from Knight at this meeting.

18. During the meeting, Knight explained that the Purchaser's ability to close the transaction between GTAC and the Company was subject to the closing of another purchase and sale agreement that Knight, on behalf of 5750351 Manitoba Ltd. had entered into with GTAC relating to a school on Ness Avenue, Winnipeg (the "**School**"). The School sale had to close first, and once closed would enable funding to be made available for the APS for Burnell. Knight stated that the School is the first of several properties that GTAC was purchasing and that upon each sale being closed, it would allow funding to be advanced for the next purchase in the string of property purchases. Burnell is the second property in this string of property purchases after the School.

19. While Knight has filed an affidavit containing documents from various 3rd party groups that fund Aboriginal Investment initiatives, these documents have no specific reference to advances being made to GTAC for the specific use to purchase Burnell.

20. On October 20, 2015, Knight arranged a meeting with himself, the Receiver and GTAC represented by Jeff Seddon ("**Seddon**"). Seddon provided a similar, but more detailed explanation on the structure of the proposed APS transaction than Knight. Seddon advised that there are various aboriginal lender support programs to advance funds for aboriginal initiatives on the basis of "Own Source Revenue". Own Source Revenue was explained as loans funded on revenue streams produced by businesses owned in full or in part by the Bands, as defined below. Own Source Revenue is in contrast to the conventional method a bank or lender would normally secure their loan which is by taking a charge against the property. He indicated that two bands, Lake St. Martin ("**LSM**") and Ebb and Flow First Nation ("**EFFN**") (LSM and EFFN are hereinafter collectively referred to as the "**Bands**") established a joint venture for economic development. Seddon advised that the Bands had access to different funding programs and that EFFN had loan funds available from a video lottery terminal business they own, which would be used to purchase the School from 5750351 Manitoba Ltd. Seddon and Knight advised that LSM is renting the School for various educational programs and to hold and conduct band meetings. Once the School is purchased, the rental income generated from the School would allow the Bands to borrow against it, which funds would then be used to purchase Burnell.

21. The Receiver advised Seddon that while it appreciated Seddon's more detailed explanation of the process, the Receiver required documentary evidence such as agreements and contracts between GTAC and the Bands, and documentation such as a comfort letter or some other similar notice that confirms GTAC has the necessary funding arranged to close the transaction.

22. To date, the $100,000.00 deposit contemplated in the APS be paid by GTAC to CSFC has not been received by the Receiver, the Company or CSFC.

23. In discussions with the Company since the Receivership Order was granted, there appears to be a number of terms that form part of or are related to the proposed APS transaction that are not detailed in the APS. Knight has advised verbally that the following arrangements are part of or related to the contemplated transaction:

a. 31 units indicated by Knight in his August 2015 rent roll as being rented are “reserved” for LSM to be taken over immediately upon the closing of the APS and as such the Company was not actively seeking renters for those units;

b. Rent arrears owing by LSM are to be dealt with as an adjustment on closing the APS. The Receiver to date has been unable to verify the rent arrears;

c. The Company has allowed the commencement of construction of a geo-thermal installation at Burnell by a contractor engaged by GTAC in anticipation of GTAC closing and completing the APS; and

d. Although the Company has stated it is not a party to any agreements relating to the geo-thermal work, it appears that the Company has made a $50,000 payment relating to this work. Knight advised the Receiver that the payment will be recovered on the closing of the School purchase.

24. Knight has repeatedly made reference in these proceeding to a “Band Council Resolution” (”**BCR**”) which was included in his affidavit as Exhibit B and which is attached as **Appendix “3”** to this First Report. In reviewing the BCR, there are references that people from LSM would be occupying Burnell and that a geo-thermal system would be installed at Burnell. The BCR refers to an anticipated “Joint Venture Agreement” with 5750351 MANITOBA LTD. Neither the Company nor GTAC are referred to in the BCR.

25. Despite several requests by the Receiver to Knight for more details on the APS along with other information relating to rent collected and the rent roll arrears of the Company,

the information remains outstanding. A copy of the emails from the Receiver to Knight requesting this information are attached as **Appendix "4"**.

26. Russ Knight advised the Receiver that no sales process, which canvassed the market, was undertaken nor was Burnell listed for sale prior to entering into the APS. A copy of the email from Knight to the Receiver advising it of this information is attached as **Appendix "5"**.

27. The Receiver has reviewed and considered the APS, met with parties to the APS and repeatedly requested documentation to assist the Receiver in its assessment. The Receiver has no evidence that the APS is legitimate, or that it is commercially reasonable, that GTAC has the financial capability to complete the transaction or that it can be closed.

28. GTAC has confirmed the funding for Burnell is contingent upon the School sale closing first. That sale is not a matter within this proceeding and the Receiver cannot assess whether or not this closing will occur.

RECEIVER'S REVIEW OF THE COMPANY'S RECORDS AND RENT ROLLS

29. The Receiver has had to rely on the data entered into Quickbooks by the Company regarding the rent for Burnell as the Company did not provide the Receiver with its deposit books despite requests for same. Furthermore, Knight advised the Receiver that the Company's bookkeeper was out of town. A summary of the rent recorded in Quickbook for the period November 2014 to October 2015 and the current Accounts Receivable Aging Summary is attached as **Appendix "6"**.

30. The Receiver reviewed the rental revenue from the Quickbooks data recorded by the Company for the period November 1, 2014 to October 20, 2015. The Receiver has compared the monthly income for November 2014 recorded by the Company to the rent roll for November 2014. The phrase "certified true" was written on the November rent rolls given by the Company to CSFC. The Receiver's analysis provides that the number of units paying rent and the amount of rent paid ($75,066.00) in November 2014 were substantially lower than represented ($158,275.00) in the "certified true" rent roll. A copy

of the rent roll the Company provided to CSFC as being "certified true" for the month of November 2014 is attached as **Appendix "7".**

31. During the Receiver's site visit of Burnell on October 19, 2015, the Receiver learned that approximately forty units (less than fifty percent of the total units) were currently being occupied. The Receiver reviewed a copy of the rent roll report for August 2015 provided in the Knight Affidavit sworn on October 2, 2015 (the "**Knight Affidavit**"), and asked Knight to explain the drastic change in occupancy from approximately eighty units in August, 2015, outlined in the Knight Affidavit (see Exhibit E) to approximately 40 at October, 2015. In an email dated October 21, 2015, Knight stated that references to LSM as the tenant in the August rent roll in his affidavit are units that were put on reserve for LSM and not rented out. These totaled 31. In the same email, Knight stated that the actual available units for rent are only 71 of the total 88 units. Only 4 of the roughly 21 basement units can be rented due to an occupancy permit issue which is discussed later in this report. Attached as **Appendix "8"** is Knight's response to the discrepancy.

32. The Receiver's review of the rent information available indicates a continual erosion in the rent collection as summarized below:

Month	# of Tenants	Rent Collected
November 2014	61	$ 75,066.00
December	58	$ 65,300.00
January 2015	51	$ 49,254.00
February	43	$ 46,122.00
March	34	$ 43,930.00
April	28	$ 38,042.00
May	30	$ 39,530.83
June	27	$ 35,647.00
July	26	$ 33,947.00
August	25	$ 34,049.50
September	26	$ 35,047.00
October	28	$ 33,847.00

STATE OF 519 BURNELL

33. During the site visit, the Company brought to the Receiver's attention an issue regarding the building permits requested for Burnell during the initial renovations of Burnell. Burnell originally had 80 units and through renovations was expanded to 88 units. The permits pulled for electrical, plumbing and mechanical were for 88 units, but the main building permit was issued for only 80 units. As a result, the building has occupancy permits for the first, second and third floors but the permits for the majority of the basements units are still pending due to the work in the basement being incomplete. In addition, Knight advised the Receiver that the basement had moisture issues which have only partially been addressed and were a further reason most of the basement units were not rentable. A review of the entries made in Quickbooks again indicates only one or two units in the basement appeared to be rented from November 2014 to present. A copy of the interim occupancy permit and email from Knight related to the occupancy permit issue are attached as **Appendix "9".**

34. During the Receiver's site visit of Burnell, it was discovered that a portion of the parking lot was fenced off and there was a large amount of construction materials and equipment stored in the fenced area. The Receiver inquired as to the nature of the work that was being conducted. The Company advised that GTAC had engaged a geo-thermal contractor to install a geo-thermal system at Burnell. The Company was not party to this agreement. This contractor has been retained to install geo-thermal systems on each of the properties GTAC is intending to purchase. GTAC had engaged the geo-thermal contractor in anticipation of completing the APS. Knight advised the Receiver that approximately $50,000.00 of work had been done and an additional $100,000.00 of materials were onsite. Knight further advised that he understood the total contract was worth a few million dollars. The Receiver advised Knight that the work needed to cease immediately pending the outcome of the Receiver determining the validity and ability of GTAC to complete the APS. The Receiver further advised Knight that the Receiver was not responsible to pay the contractor, nor did the Receiver have funds to do so. A copy of the email sent to the Receiver regarding the geo-thermal issue is attached as **Appendix "10".**

RECEIVER'S PROPOSED COURSE OF ACTION

35. The Receiver proposes the following course of action:

a) The Receiver would immediately be seeking to engage a new proper management company to assist with stabilizing the operations and the lease up of the building;

b) The Receiver would not allow any further construction of the geo-thermal system at Burnell that was contracted by GTAC subject to a review of this project and confirmation of financing should the project prove justified;

c) It would be the Receiver's intention to discontinue reserving units for LSM's sole use and actively market the units for rent;

d) The Receiver would register a charge against Burnell for the Receivership;

e) The Receiver would notify the tenants of the Receivership and the intentions of the Receiver;

f) The Receiver would contact the insurer for the Company to add the Receiver as a loss payee;

g) The Receiver would terminate the services of the contractors working at the property;

h) The Receiver would contact utilities to place the utility accounts in the name of the Receiver;

i) The Receiver would commission its own appraisal of Burnell.

OTHER CONCERNS

36. As a result of the Receiver recommending that it begin actively marketing Burnell, which may include improving the building, the Receiver has reviewed the Appointment Order again, specifically paragraph 17 (Limitation on the Receiver's Liability). The Receiver is concerned with the Court's inclusion of an exception to the standard language limiting the Receiver's liability from that set out in the template model order. The language used in the model order as prepared by the Commercial List Users Committee of the Ontario Superior Court has been developed over time with careful input from lawyers, trustees and judges to

provide a reasonable level of protection to professional firms asked to take on the responsibility of becoming a court officer. The model template Receivership Orders from other provinces also contains similar language.

37. The Receiver has been advised by its local counsel that the reason for the Court including the exception for "contracts entered into by the Receiver in respect of the administration of the Property" was to ensure that the Receiver did not use this limitation from liability paragraph as an excuse not to honour its contractual obligations during the course of its receivership. Firstly, it is not this Receiver's intention nor would it be appropriate for a court officer not to honour a contractual obligation it entered into. That said, the Receiver is concerned that by adding this exception, the Court may have unintentionally expanded the potential liability of its court officer. For example, if the Receiver acting with reasonable care engages a contractor to commence repair work and through the contractors actions the premises were damaged, it may be argued that the Receiver would not be entitled to the protection of paragraph 17 as the loss in question arose from a "contract entered into by the Receiver in respect of the administration of the Property." Accordingly, the Receiver respectfully requests, that upon further review, the exception in paragraph 17 be removed.

38. Alternatively, if this Honourable Court is still of the view that express language compelling its officer to honour its contractual obligations is necessary, it is respectively requested that it be contained in a separate paragraph that does not undermine the existing integrity of limitation on the Receiver's liability as set out in the template order.

CONCLUSION

39. Under the original application filed by CSFC, the Applicant requested the Receiver be granted the following power "to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate". The Receiver has been unable to confirm that the APS can be closed and has been unable to confirm that the APS is valid, legitimate and commercially reasonable.

40. Burnell requires significant attention in order to stabilize it and ready it for a sale. The required actions might contravene arrangements made by the Company related to or contemplated by the APS transaction.

41. Accordingly, for reasons set out in this First Report, the Receiver respectfully recommends the Court provide the Receiver with the powers as outlined in paragraph 2 above.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 26th day of October, 2015.

GRANT THORNTON LIMITED,
IN ITS CAPACITY AS COURT-APPOINTED
RECEIVER OF 5448124 MANITOBA LTD
AND NOT IN ITS PERSONAL OR CORPORATE CAPACITY

Per: ______________________________
Michael G. Creber, CPA, ~~CA~~, CF, CIRP
Senior Vice-President

APPENDIX 3

File No. CI15-01-97928

THE QUEEN'S BENCH

<u>Winnipeg Centre</u>

IN THE MATTER OF: **THE APPOINTMENT OF A RECEIVER PURSUANT TO SECTION 243 OF THE BANKRUPTCY AND INSOLVENCY ACT R.S.C. 1985, c. B-3 AS AMENDED**

B E T W E E N:

CAMERON STEPHENS FINANCIAL CORPORATION

Applicant

- and –

5448124 MANITOBA LTD.

Respondent

<u>AMENDED & RESTATED</u> ORDER
(appointing receiver)

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Lawyers for Applicant

THE QUEEN'S BENCH
WINNIPEG CENTRE

THE HONOURABLE MR.	)	FRIDAY, THE 16TH
	)	DAY OF OCTOBER, 2015 AND;
JUSTICE DEWAR	)	TUESDAY, THE 27TH DAY OF OCTOBER, 2015.

IN THE MATTER OF: **THE APPOINTMENT OF A RECEIVER PURSUANT TO SECTION 243 OF THE BANKRUPTCY AND INSOLVENCY ACT R.S.C. 1985, c. B-3 AS AMENDED**

BETWEEN

CAMERON STEPHENS FINANCIAL CORPORATION

Applicant

- and -

5448124 MANITOBA LTD.

Respondent

AMENDED & RESTATED ORDER
(appointing Receiver)

THIS APPLICATION made by the Applicant, Cameron Stephens Financial Corporation for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**") appointing Grant Thornton Limited as receiver and manager (in such capacities, the "**Receiver**") without security, of all of the assets, undertakings and properties of 5448124 Manitoba Ltd. (the "**Debtor**") acquired for, or used in relation to a business carried on by the Debtor, was heard on September 29, 2015 and continued on October 7, 2015 and October 16, 2015 at the Law Courts Building, 408 York Avenue, Winnipeg, Manitoba.

ON READING the affidavit of David Minor sworn September 25, 2015, the Affidavit of Gregory Azeff sworn September 28, 2015, the Affidavit of Russell Edward Knight sworn October 2, 2105, the Supplementary Affidavit of David Minor sworn October 6, 2015, the Affidavit of Arlene Phillips sworn October 6, 2015, the transcription of the hearing of this Application on September 29, 2015, the transcription of the cross-examination Russell Edward Knight conducted October 6, 2015, two Affidavits of Service of Samantha Dunn both sworn October 5, 2015, the Affidavit of Service of Samantha Dunn sworn October 6, 2015 and the Affidavit of Service of Samantha Dunn sworn October 7, 2015, the Affidavit of Service of Samantha Dunn sworn October 15, 2015, and on hearing the submissions of counsel for the Applicant, Russell Edward Knight on behalf of the debtor, and counsel for the Proposed Receiver and no one appearing for any other party although duly served as appears from the said affidavits of service, and on reading the consent of Grant Thornton Limited to act as the Receiver and on the failure of the Respondent to make the payment required pursuant to the Order of this Honourable Court dated October 7, 2015:

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Application is hereby abridged and validated so that this Application was properly returnable on September 29, 2015 and continued on October 7, 2015 and October 16, 2015 and hereby dispenses with further service thereof.

APPOINTMENT

2. THIS COURT ORDERS that pursuant to section 243(1) of the BIA Grant Thornton Limited is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the "**Property**").

RECEIVER’S POWERS

3. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

a. to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;

b. to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes (exclusive of those locks and/or security codes at 910-388 Portage Ave, Winnipeg), the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;

c. to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;

d. to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel, property management companies and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;

e. to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;

f. to receive and collect all monies, rents and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;

g. to settle, extend or compromise any indebtedness owing to the Debtor;

h. to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;

i. to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;

~~j. to complete and close, on the Debtor's behalf, the transactions contemplated by the Offer to Purchase Real Estate Commercial between the Debtor, as vendor, and GTAC Investment Corp., as purchaser, dated September 17, 2015, with respect to the real property municipally known as 519 Burnell St., Winnipeg.~~

j. to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate without regard for the terms and conditions of the Offer to Purchase Real Estate Commercial dated September 17, 2015 with respect to the real property municipally known as 519 Burnell St., Winnipeg;

k. to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,

   i. without the approval of this Court in respect of any transaction not exceeding $100,000, provided that the aggregate consideration for all such transactions does not exceed $1,000,000; and

   ii. with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 59(10) and (17) of the *Personal Property Security Act* (Manitoba) shall not be required;

l. to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;

m. to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;

n. to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;

o. to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;

p. to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;

q. to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and

r. to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations;

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

4. THIS COURT ORDERS that if there is any dispute with a party other than the Debtor (a "**Third Party**") as to whether any property (the "**Disputed Property**") is owned by such Third Party or by the Debtor (and therefore constitutes Property which properly should be in the possession of the Receiver pursuant to the terms of this Order), such Disputed Property shall be held by the Receiver pending further Order of this Court. Either the Third

Party or the Receiver may make application to this Court on seven (7) days prior notice to the other for an order asking for directions with respect to the Disputed Property.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

5. THIS COURT ORDERS that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, property management companies, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

6. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 6 or in paragraph 7 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

7. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of

printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

8. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

9. THIS COURT ORDERS that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

10. THIS COURT ORDERS that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to

health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

11. THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

12. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

13. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the credit of such Post Receivership Accounts from

time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

14. THIS COURT ORDERS that all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

15. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "**Sale**"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

16. THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might

be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Environmental Act* (Manitoba), the *Water Resources Conservation Act* (Manitoba), the *Contaminated Sites Remediation Act* (Manitoba), the *Dangerous Goods Handling and Transportation Act* (Manitoba), the *Public Health Act* (Manitoba) or the *Workplace Health and Safety Act* (Manitoba) and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

17. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act* ~~or in respect of any contracts entered into by the Receiver in respect of the administration of the Property~~. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

18. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "**Receiver's Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's

Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

19. THIS COURT ORDERS that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of this Court, but nothing herein shall fetter this Court's discretion to refer such matters to a Master of this Honourable Court.

20. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

21. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed ~~$100,000~~ $250,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

22. THIS COURT ORDERS that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

23. THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "**Receiver’s Certificates**") for any amount borrowed by it pursuant to this Order.

24. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver’s Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

SERVICE AND NOTICE

25. THIS COURT ORDERS that the Applicant and the Receiver be at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic transmission to the Respondent’s creditors or other interested parties at their respective addresses as last shown on the records of the Respondent and that any such service or notice by courier, personal delivery or electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing. Interested persons who do not send a request, in writing, to counsel for the Applicant to be added to the service list (hereinafter defined) shall not be required to be served further in these proceedings.

26. THIS COURT ORDERS that counsel for the Applicant shall prepare and provide to the Receiver a service list to be kept current by the Receiver (the "**Service List**") containing the name and contact information (which may include the address, telephone number and facsimile number or e-mail address) for service to: the Applicant; the Receiver; and each creditor or other interested party who has sent a request, in writing, to counsel for the Receiver to be added to the Service List. The Service List shall indicate whether each

person on the Service List has elected to be served by e-mail or facsimile, and failing such election the Service List shall indicate service by e-mail. The Service List shall be posted on the website of the Receiver at the address indicated in paragraph 28 herein. **For greater certainty, creditors and other interested persons who have received notice of this Order and who do not send a request, in writing, to counsel for the Receiver to be added to the Service List shall not be required to be further served in these proceedings.**

27. THIS COURT ORDERS that the Applicant, the Receiver, and all parties on the Service List may serve any court materials in these proceedings by e-mailing a PDF or other electronic copy of such materials to counsels' email addresses as recorded on the Service List from time to time, and the Receiver may post a copy of any or all such materials on its website at ~~www.GrantThornton.ca/519Burnell~~ http://www.grantthornton.ca/services/reorg/bankruptcy_and_insolvency/519Burnell.

GENERAL

28. THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

29. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

30. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

31. THIS COURT ORDERS that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this

Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

32. THIS COURT ORDERS that the Applicant shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a solicitor and client basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

33. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

34. THIS COURT ORDER that's the Applicant, Respondent and Receiver shall appear before me at 12:45 PM on October 27, 2015.

R.A. Dewar J.

Digitally signed by R.A. Dewar J.
DN: c=ca, o=ldrc, cn=R.A. Dewar J.
Date: 2015.10.28 09:51:29 -05'00'

October 27, 2015

The Honourable Mr. Justice Dewar

SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. ______________

AMOUNT $_____________________

1. THIS IS TO CERTIFY that Grant Thornton Limited, the receiver (the "**Receiver**") of the assets, undertakings and properties of 5448124 Manitoba Ltd. acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "**Property**") appointed by Order of The Queen's Bench, Winnipeg Centre (the "**Court**") dated the 29th day of September, 2015 (the "**Order**") made in an action having Court file number CI 15-01-97799, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of $___________, being part of the total principal sum of ~~$100,000~~ $250,000 which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _______ day of each month] after the date hereof at a notional rate per annum equal to the rate of ______ per cent above the prime commercial lending rate of Bank of _________ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver

to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the _____ day of ______________, 20__.

Grant Thornton Limited, solely in its capacity
as Receiver of the Property, and not in its
personal capacity

Per:

Name:

Title:

APPENDIX 4

File No. CI 15-01-97928

THE QUEEN'S BENCH
WINNIPEG CENTRE

IN THE MATTER OF: AN APPLICATION PURSUANT TO SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c.B-3, AS AMENDED

B E T W E E N:

CAMERON STEPHENS FINANCIAL CORPORATION,

Applicant,

- and -

5448124 MANITOBA LTD.,

Respondent.

SECOND REPORT TO THE COURT OF GRANT THORNTON LIMITED IN ITS CAPACITY AS RECEIVER OF THE RESPONDENT DATED: MARCH 31, 2016

TAYLOR McCAFFREY LLP
Barristers and Solicitors
9th Floor - 400 St. Mary Avenue
Winnipeg, Manitoba
R3C 4K5

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Client File No. 98665-1 DJAC

THE QUEEN'S BENCH
WINNIPEG CENTRE

IN THE MATTER OF: AN APPLICATION PURSUANT TO SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c.B-3, AS AMENDED

B E T W E E N:

CAMERON STEPHENS FINANCIAL CORPORATION,

Applicant,

\- and -

5448124 MANITOBA LTD.,

Respondent.

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Appendix 5	City of Winnipeg's Council minutes of September 30, 2015 approving the application and zoning amendment
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CONFIDENTIAL APPENDICES
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Confidential Appendix 1	Loan Agreement between Cameron Stephens Financial Corporation and the Receiver dated March 9, 2016

INTRODUCTION AND PURPOSE OF THE SECOND REPORT

1. On October 16, 2015, the Honourable Mr. Justice Dewar issued an Order (the "**Appointment Order**") appointing Grant Thornton Limited as receiver (the "**Receiver**") of all of the assets, undertakings and property of 5448124 Manitoba Ltd. ("**544**" and/or the "**Company**"). A copy of the Appointment Order and Endorsement is attached as **Appendix 1** to this Second Report ("**Second Report**") of the Receiver.

2. At the October 27, 2015 return date and upon review of the Receiver's First Report to the Court ("First Report") Justice Dewar issued an Amended and Restated Order (the "**Amended and Restated Order**"). Copies of the First Report and the Amended and Restated Order are attached as **Appendix "2"** and **Appendix "3"** to this Second Report of the Receiver.

3. The purpose of the Second Report is to outline the Receiver's activities and findings since the issuance of the Amended and Restated Order and to provide the Court with an evidentiary basis to determine whether to grant the relief sought by the Receiver as follows:

    a) Approving the Receiver's request to increase the Receiver's borrowing limit from $250,000.00 to $458,800 (not including capitalized interest and costs) based on the 2016 Budget prepared by A.S.H. Management Group Inc. ("**A.S.H.**")discussed later in this report;

    b) Approving the Receiver's Interim Statement of Receipts and Disbursements for the period from October 16, to March 17, 2016;

    c) Approving the fees and disbursements of the Receiver and its counsel, Taylor McCaffrey LLP ("Taylor") for the period up to February 29, 2016;

    d) Approving and sealing the Loan Agreement between Cameron Stephens Financial Corporation and the Receiver dated March 9, 2016; and

e) Approving the Second Report and the conduct and activities of the Receiver described therein.

SCOPE AND TERMS OF REFERENCE

4. In preparing this Second Report, the Receiver has relied upon unaudited financial information, the Company's records, financial information and projections and discussions with the Company's former management and contractors. While the Receiver reviewed various documents provided by the Company and believes that the information therein provides a fair summary of the transactions as reflected in the documents, such work does not constitute an audit or verification of such information for accuracy, completeness or compliance with Generally Accepted Accounting Principles ("**GAAP**") or International Financial Reporting Standards ("**IFRS**"). Accordingly, the Receiver expresses no opinion or other form of assurance with respect to such information except as expressly stated herein.

5. Some of the information used in preparing this Second Report consists of financial projections. The Receiver cautions that these projections are based upon assumptions about future events and conditions that are not ascertainable. The Company's actual results may vary from the financial projections, even if the hypothetical and probable assumptions contained therein materialize, and the variations could be significant. The Receiver's review of the future oriented information used to prepare this Second Report did not constitute an audit of such information under GAAP or IFRS.

6. This Second Report has been prepared for the use of this Court and the Company's stakeholders as general information relating to the Company and for the purpose of assisting the Court in making a determination of whether to approve the relief sought. Accordingly, the reader is cautioned that the Second Report may not be appropriate for any other purpose. The Receiver will not assume responsibility or liability for losses incurred by the reader as a result of the circulation, publication, reproduction or use of the Second Report contrary to the provisions in this paragraph.

7. Capitalized terms not defined in this Second Report are as defined in the Appointment Order. All references to dollars are in Canadian currency unless otherwise noted.

8. Copies of this Second Report and all Orders issued in these proceedings are available on the Receiver's website at:

http://www.grantthornton.ca/services/reorg/bankruptcy_and_insolvency/519Burnell

PARTIES

9. 544 is a company incorporated pursuant to the laws of Manitoba that owns and operates a three story residential apartment building at 519 Burnell Street ("**Burnell" and/or "Property**"), Winnipeg, Manitoba.

10. The registered head office of the Company is located at 910 – 388 Portage Avenue, Winnipeg, Manitoba (the "**Head Office**").

11. Susannah Simes ("**Simes**") and Russell Knight ("**Knight**") are the officers and directors of the Company.

12. GTAC Investments Corp. ("**GTAC**") was identified by Knight as the proposed purchaser for Burnell.

13. Cameron Stephens Financial Corporation ("**CSFC**") is a secured creditor of the Company and holds a first charge real property mortgage and personal property security against the Company's assets as well as holding personal guarantees of Simes and Knight. The Receiver has received an independent security opinion from Taylor acknowledging that CSFC's security is duly perfected and enforceable in accordance with its terms.

THE RECEIVER'S ACTIVITIES

14. Since the date of the Amended and Restated Order, the Receiver has completed the following:

a) Registered a charge for the Receivership on title;

b) Requested and received from the Receiver's counsel an independent security opinion on the security held by CSFC, subject to the usual qualifications;

c) Attended at the Head Office of the Company to collect various financial information of the Company and to collect the rents received from the Canadian Red Cross, who were paying the rents for certain Manitoba Flood Victims;

d) Corresponding and engaging in numerous discussions with operational stakeholders;

e) Contacted the insurer for the Company to add the Receiver as a loss payee;

f) Reviewed the rent roll provided by the Company and updated it for rents collected by the Receiver for November, December 2015 and January 2016;

g) Issued payments for expenses incurred for the building until a new property manager was engaged;

h) Held discussions and corresponded with Knight regarding, among other things, the contemplated purchase and sale transaction between GTAC ("**GTAC**" or the "**Purchaser**") and the Company, as discussed below;

i) Held discussions and corresponded with GTAC regarding, among other things, the contemplated purchase and sale transaction between GTAC and the company, as discussed below;

j) Held discussions and corresponded with Diverso Energy Inc, a company that specializes in installing Geo-Thermal Heating and Cooling Systems that had made arrangements with GTAC to install a geo-thermal system, to remove their equipment and materials brought to the 519 Burnell property given there was no evidence that a sale transaction existed or could be closed;

k) Retained the two contractors that lived at the building that were previously providing security services at the premises;

l) Worked with Knight's son, Jared Knight, who had been acting as the site superintendent for the property, to oversee the day to day operations, while the Receiver sought quotes from other property management companies to take over the full time management of the property;

m) Sought and obtained quotes for property management services for the property and the Receiver negotiated and engaged A.S.H. as the property manager;

n) Held discussions and corresponded with A.S.H. regarding issuing notices to the tenants of the Receivership and the change in property manager, inspection of all the units to determine the overall state and tenancy of the units in the building and to identify any issues relating to health and safety or the marketability of the units;

o) Requested that A.S.H. prepare a preliminary operational and priority repair budget for 2016 ("**the Budget**") and worked with A.S.H. to finalize the Budget so as to determine the initial funding requirements and the expenses for the building;

p) Requested A.S.H. review existing insurance policies of the Company to confirm same carried adequate coverage's for Burnell and asked A.S.H. to obtain a quotation for coverage's from their insurance carrier;

q) Requested A.S.H. to contact the City of Winnipeg, Building Department to determine what the issues are surrounding the occupancy permit deficiency;

r) Setup and posted information relating to this filing on the Receiver's website including the First Report and the Amended and Restated Order;

s) Held discussions and corresponded with CSFC on various matters including engagement of A.S.H. as the property manager, current state of the building, required priority expenditures to correct health and safety concerns, the Budget and the marketability and security of the building;

t) Negotiated financing for the Receiver's existing borrowing limit to cover the initial cash outlays required by the Receiver to fund expenditures; and

u) Negotiated a form of borrowing agreement between CSFC and the Receiver.

15. The Receiver has not proceeded with commissioning its own appraisal of Burnell at this time as there are a number of issues listed above and discussed later in this report that need to be addressed first as these issues would adversely affect the valuation if the appraisal was completed now in the buildings current state.

RECEIVER'S DISCUSSION WITH THE COMPANY AND GTAC RELATING TO THE PURCHASE AND SALE AGREEMENT OF 519 BURNELL

16. As set out in the First Report, there has been no evidence adduced to enable the Receiver to conclude that the alleged Asset Purchase and Sale Agreement between 544 and GTAC ("**APS**") is legitimate, commercially reasonable, can be funded or closed.

17. After the Amended and Restated Order was issued, the Receiver continued to hold discussions and corresponded with both Knight and GTAC regarding their ability to enter into and fund an APS for Burnell. However, the last communication was on December 7, 2015 when the Receiver requested a meeting with GTAC for December 10, 2015. The Receiver received no response to this request nor any further communication from GTAC.

18. As set out in the First Report GTAC's ability to purchase and finance Burnell was contingent upon the School sale closing first (a property owned by a related company which is not party to this action).The Receiver has received no information to date to suggest that the School closing has taken place or any other information to change its prior assessment as to GTAC's ability to fund or close an APS.

19. Prior to the Receiver's appointment, GTAC made arrangements with Diverso Energy Inc. ("**Diverso**") to supply and install a Geo-Thermal Heating and Cooling System for the building. When GTAC failed to meet with the Receiver to discuss a possible purchase and sale agreement, the Receiver made several requests to Diverso to remove their materials and equipment it had stored on the Burnell parking lot. The materials and equipment were substantially removed by December 30, 2015.

RECEIVER'S MANAGEMENT OF THE PROPERTY PRIOR TO ENGAGING A.S.H.

20. After the Amended and Restated Order was issued, the Receiver contacted the critical vendors to request the continuation of services. These vendors included Manitoba Hydro, Shaw Cable, Progressive Waste Management and BFL Canada, the broker that dealt with the insurance for the property. In addition, the Receiver retained the two contractors that were previously engaged by the Company as they handled the security for the property.

21. The Company's prior bookkeeper assisted the Receiver in preparing monthly invoices for November 2015, December and January 2016 to the Manitoba Red Cross, the entity which had been paying the rents for certain tenants.

22. A number of tenants at Burnell were having their rent paid by the Manitoba government under an Employment and Assistance Program. The Receiver directed those rents to be forwarded to the Receiver's office.

23. Until it was able to retain a Property Manager, the Receiver worked with Knight's son, Jared, as the interim property manager as he was the previous site superintendent, responsible for general repairs, lease up of the units, collection of rent and evictions. Jared was not retained by the Receiver and Knight advised he would assume responsibility for compensating his son for these services until the Receiver engaged a new property manager.

24. During the week of October 26 to October 29, 2015 the Receiver solicited quotes for property management services from a number of property management companies. References for property managers were requested from the Receiver's counsel, the Receiver's local office in Winnipeg, the debtor and CSFC. Of the seven companies contacted only two companies were prepared to provide proposals for Burnell. After reviewing the proposals received and consulting with CSFC, the Receiver commenced negotiations and finalized the property management agreement with A.S.H. on December 17, 2015, a copy of which is attached hereto as Appendix 4.

STATE OF 519 BURNELL

25. As disclosed in the Receiver's First Report, less than one half of the units in Burnell are occupied. Only 13 of the 21 basement units can be occupied until the occupation permit issue is resolved. Rent revenues have either eroded significantly in the months leading up to the receivership or the Rent revenues were not as originally stated and the Receiver has determined that the Property does not generate sufficient cash flow from existing operations to meet expenses. The Property requires significant attention in order to stabilize it and ready it for a sale.

26. After it was engaged on December 17, 2015 A.S.H. notified the tenants that it required access to all units to perform an inspection to determine:

a) The state of the units and identify any health and safety related issues;

b) If the unit was occupied or vacant so as to confirm if the rent roll was correct or not;

c) If the tenant in the unit was in fact the tenant on the rent roll; and

d) If the level of repairs required to enable A.S.H. to prepare an operating and capital budget for the property for 2016.

27. A.S.H.'s inspection of the property revealed a number of issues that would need to be addressed as soon as adequate funding was available. The following is a list of the priority expenditures, and costs, listed by A.S.H. to address health and safety matters as well as the future marketability of the vacant units:

a) Annual Fire Alarm Testing and correction of deficiencies $10,207.00;

b) Electrical Inspections to restore hydro service to various units $6,600.00;

c) Pest Control for rodent infestation $2,300.00;

d) Locksmith to rekey all doors and change handles sets $13,092.00;

e) Purchase fridge/stoves for vacant units that will be ready to be rented $10,000.00;

f) Purchase coin/card operated laundry equipment $15,467.00;

g) Replacement of broken windows $1,600.00; and

h) Cleaning of units including removal of old furniture, fresh paint $6,811.00.

(hereinafter "Priority Expenditures")

28. A.S.H. and the Receiver have also been in contact with the City of Winnipeg to determine the outstanding occupancy permit issues affecting the occupation of eight basement units. In discussions with the City, A.S.H. and the Receiver have determined that there are two matters affecting the occupancy permit for the building. The first relates to a rezoning of the property from R2 – Residential Two-Family District to a RMF-L Residential Multi-Family Large District. This would allow the construction of an additional eight dwelling units within the building raising the number of rentable units from eighty to eighty-eight units. A

public hearing had been held on July 7, 2015 and City Council approved the application on September 30, 2015. Attached as Appendix "5" is a copy of the Council's minutes of September 30, 2015 approving the application and zoning amendment. However, the zoning change does not take effect until certain conditions are fulfilled including payment of City fees, submission of final drawings and completion of specified site improvements which must be completed by September 30, 2017.

29. The second matter affecting the occupancy permit relates to building code deficiencies identified by the City's building department. Due to the fact that the zoning was being amended to increase the number of dwellings to eighty-eight units, the eight new units would be required to meet current building codes. Six of the eight units have had a majority of the work completed, but code issues surrounding ventilation and heat recovery ventilation ("HRV") units remains outstanding.

2016 BUDGET FOR THE PROPERTY AND BORROWING LIMIT INCREASE

30. Based upon the state of the building at the time of Receiver appointment, Burnell does not have sufficient revenue to meet expenses, let alone pay for the Priority Expenditures or professional fees from available cash flow. While the Receiver had initially understood that CSFC would make initial advances to the Receiver under the borrowing charge to make up for the cash flow shortfall, it became apparent that CSFC required a budget acceptable to it before it would make any advance.

31. One of A.S.H.'s responsibilities under the management agreement was to prepare a 2016 operating budget which would enable the Receiver to ascertain the funding necessary. Throughout the first half of January, 2016 A.S.H. and the Receiver worked through the cash flows, Priority Expenditures and other expenditures

identified at that time to enable the 2016 budget to be prepared and submitted to CSFC.

32. The 2016 budget included the costs of the Receiver and its counsel to date and the estimated professional costs for the balance of 2016, based on certain assumptions. (As the cost estimates to finish the units and address the Zoning and Building code issues discussed above were not available, A.S.H. and the Receiver utilized a $50,000.00 contingency pending receipt of further information). Attached as Appendix “6” is a copy of the estimated 2016 Budget for the Burnell property ("**Budget**") disclosing that the Receiver's funding needs to compensate for the cumulative cash flow shortfall would significantly exceed its current borrowing authority under the Amended and Restated Order.

33. During the Receiver's consultations with CSFC at the end of January, 2016 it became apparent that although CSFC wanted the Receiver to proceed with the Priority Expenditures, it was not yet in a position to authorize funding. In addition to the Budget, CSFC requested and was provided with copies of both the Receiver's and its counsel's accounts. The Receiver continued to dialogue with CSFC throughout February to reach consensus on management of the Property including the nature and extent of the Receiver's role, work to be done, the Budget and the funding necessary.

34. On February 19, 2016 CSFC advised the Receiver that it had obtained approval to provide a credit facility to the Receiver for up to a maximum of $458,800.00 based on the existing Budget. As the Receiver's existing borrowing authority under the Amended Order is currently limited to $250,000.00 any advances to be made over and above $250,000.00 would be subject to obtaining a Court Order increasing the Receiver's borrowing charge. CSFC also advised that it would be necessary to prepare a formal Loan Agreement between it and the Receiver before the initial advance under the credit facility could be made.

35. On March 9, 2016 CSFC and the Receiver were able to finalize and execute the Loan Agreement, a true copy of which will be filed separately with the Court as Confidential Appendix 1 ("Loan Agreement"). It is the Receiver's view that while it is appropriate for the Court to have full disclosure of the conditions under which the Receiver is borrowing to sustain operations it could be prejudicial to the interests of the stakeholders as well as any future sales process if public disclosure occurred at this time and as such the Receiver requests that the Loan Agreement be the subject of a Sealing Order until further Order of this Court.

36. On or about March 14, 2016 CSFC advanced the initial $250,000.00 to the Receiver. The Receiver has accordingly directed A.S.H. to have the Priority Expenditures completed and will be making arrangements to pay its outstanding obligations. In order to access the balance of the funding under the Loan Agreement which will enable the Receiver to operate the Property in accordance with the existing Budget, with a view to proceeding with a sales and marketing process, it is necessary to increase the Receiver's borrowing charge limit under the Amended and Restated Order.

ADDITIONAL COSTS NOT PREVIOUSLY IDENTIFIED

37. Subsequent to finalizing the Budget A.S.H. obtained the cost estimates to complete the work in the 8 additional units and the re-zoning. In late February A.S.H. received an estimate to resolve the zoning matter, including fees, drawings and site improvements at approximately $45,000.00. The initial estimate to complete the six partially finished units is approximately $72,000.00. The estimate to finish the remaining two unfinished units and meet current code requirements is approximately $120,000.00. The Receiver estimates that taking on this additional work would increase the existing Budget by $200,000.00. It is unclear at this stage when this additional work should be done and whether CSFC will be prepared to provide additional funding for it.

RECEIPTS AND DISBURSEMENTS OF THE RECEIVERSHIP

38. Attached as Appendix "7" is the Receiver's Interim Statement of Receipts and Disbursements for the period October 27, 2015 to March 17, 2016.

39. The Receiver notes that there is one Receiver Certificate issued to CSFC for $250,000.00 to cover the initial operational expenses and priority repairs required at the property. As at March 17, 2016, the Receiver held $97,953.60 in its bank accounts.

RECEIVER'S FEES AND DISBURSEMENTS

40. Pursuant to paragraph 18 of the Appointment Order, the Receiver and its counsel may pass their accounts from time to time.

41. The Receiver seeks to have its fees and disbursements, including those of its legal counsel, approved by the Court. The Receiver and its counsel have maintained detailed records of their professional time and costs.

42. Total fees, disbursements and applicable taxes of the Receiver for services provided from the beginning of its engagement through to February 29, 2016 totals $114,643.68. Attached as Appendix "8" are true copies of the Receiver's statements of account including the detailed time and disbursement record.

43. Taylor has acted as the Receiver's legal counsel on all matters relating to this proceeding. Total fees, disbursements and applicable taxes for Taylor from the commencement of its engagement through to February 29, 2016 is $41,414.38. Attached as Appendix 9 hereto are true copies of the statements of account rendered by Taylor which include the detailed time and disbursement breakdown.

44. It is the Receiver's opinion that the fees and disbursements of the Receiver and Taylor are fair and reasonable, justified in the circumstances and accurately reflect the work done by the Receiver and on behalf of the Receiver by its legal counsel in connection with the receivership and the administration of the property of the Company from commencement of the engagement to February 29, 2016.

The Receiver recommends approval of both its own and Taylor's accounts by this Honourable Court.

CONCLUSION

45. The Receiver believes it is an appropriate time to report to the Court on its activities to date and to seek the increase in the Receiver's borrowing limit to adequately fund operations and obtain approval for its activities to date. CSFC has been consulted and supports the recommendations of the Receiver as set out herein.

46. Accordingly, for reasons set out in this Second Report, the Receiver respectfully requests an Order in the form outlined in paragraph 3 above.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 31st day of March, 2016.

GRANT THORNTON LIMITED,
IN ITS CAPACITY AS COURT-APPOINTED
RECEIVER OF 5448124 MANITOBA LTD.
AND NOT IN ITS PERSONAL OR CORPORATE CAPACITY

Per:______________________________________
Michael G. Creber, CPA, CA, CF, CIRP
Senior Vice-President

APPENDIX 5

File No. CI 15-01-97928

THE QUEEN'S BENCH
WINNIPEG CENTRE

IN THE MATTER OF: An application pursuant to Subsection 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, as amended

B E T W E E N:

CAMERON STEPHENS FINANCIAL CORPORATION,

Applicant,

- and -

5448124 MANITOBA LTD.,

Respondent.

ORDER
(MOTION TO INCREASE RECEIVER'S BORROWING LIMIT AND OTHER RELIEF)

TAYLOR McCAFFREY LLP
Barristers and Solicitors
9th Floor - 400 St. Mary Avenue
Winnipeg, Manitoba
R3C 4K5

David R.M. Jackson (204 988-0375)
Fax – 204 957-0945
Client File No. 98665-1 DJAC

THE QUEEN'S BENCH
WINNIPEG CENTRE

THE HONOURABLE	)	
	)	The 8th day of April, 2016
MR. JUSTICE DEWAR	)	

IN THE MATTER OF: An application pursuant to Subsection 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, as amended

B E T W E E N:

CAMERON STEPHENS FINANCIAL CORPORATION,

Applicant,

- and -

5448124 MANITOBA LTD.,

Respondent.

ORDER

THIS MOTION made by Grant Thornton Limited, in its capacity as Receiver, was heard this day at Winnipeg.

ON READING the First Report of the Receiver dated October 26, 2015 ("First Report"), the Second Report of the Receiver dated March 31, 2016 ("Second Report"), the Confidential Appendix to the Second Report ("Confidential Appendix") and on hearing the submissions of counsel for the Receiver and the Applicant, no one appearing for any other party though duly served as appears from the Affidavit of Service sworn April 4, 2016:

1. THIS COURT ORDERS that the time for service of the Notice of Motion is hereby abridged and validated so this motion is properly returnable today and hereby dispenses with further service thereof.

2. THIS COURT ORDERS that the Amended and Restated Order entered October 27, 2015 appointing the Receiver over 5448124 Manitoba Ltd. ("544") ("Receivership Order") be varied in paragraph 21 thereof by increasing the borrowing limit set out therein from $250,000.00 to $458,800.00 (not including capitalized interest and costs).

3. THIS COURT ORDERS that the Receiver's motion to file the Confidential Appendix to the Second Report under seal is dismissed and the Receiver directed to file the Loan Agreement between Cameron Stephens Financial Corporation and the Receiver dated March 9, 2016 ("Loan Agreement") as Appendix 10 to the Second Report and serve it upon the service list.

4. THIS COURT ORDERS that the Receiver's motion to approve the Loan Agreement and the Second Report be adjourned *sine die*.

5. THIS COURT APPROVES the Receiver's Interim Statement of Receipts and Disbursements up to February 29, 2016 as attached to its Second Report as Appendix 7.

6. THIS COURT APPROVES the fees and disbursements of the Receiver and its legal counsel, Taylor McCaffrey LLP up to February 29, 2016, as attached to the Second Report as Appendices 8 and 9 thereof.

April , 2016

R.A. Dewar J.

Digitally signed by R.A. Dewar J.
DN: c=ca, o=ldrc, cn=R.A. Dewar J.
Date: 2016.04.09 10:08:02 -05'00'

APPENDIX 6

File No. CI 15-01-97928

THE QUEEN'S BENCH
WINNIPEG CENTRE

IN THE MATTER OF: AN APPLICATION PURSUANT TO SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c.B-3, AS AMENDED

B E T W E E N:

CAMERON STEPHENS FINANCIAL CORPORATION,

Applicant,

- and -

5448124 MANITOBA LTD.,

Respondent.

THIRD REPORT TO THE COURT OF GRANT THORNTON LIMITED IN ITS CAPACITY AS RECEIVER OF THE RESPONDENT DATED: AUGUST 5, 2016

TAYLOR McCAFFREY LLP
Barristers and Solicitors
9th Floor - 400 St. Mary Avenue
Winnipeg, Manitoba
R3C 4K5

David R.M. Jackson/Sam A. Gabor
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Fax – (204) 957-0945

Client File No. 98665-1 DJAC

THE QUEEN'S BENCH
WINNIPEG CENTRE

IN THE MATTER OF: AN APPLICATION PURSUANT TO SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c.B-3, AS AMENDED

B E T W E E N:

CAMERON STEPHENS FINANCIAL CORPORATION,

Applicant,

\- and -

5448124 MANITOBA LTD.,

Respondent.

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Appendix 4	Receiver's Second Report dated March 31, 2016 (without Appendices)
Appendix 5	Order of Mr. Justice Dewar dated April 8, 2016 (without Appendices)
Appendix 6	Redacted Crozier Reports addressing foundation wall issues
Appendix 7	Redacted July 1, 2016 to June 30, 2017 Re-casted Budget and Increased Funding Requirements
Appendix 8	Amended Loan Agreement between Cameron Stephens Financial Corporation and the Receiver dated August 4, 2016
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Appendix 10	Receiver's Interim Statement of Receipts and Disbursements for the period October 16, 2015 to July 31, 2016
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Appendix 12	Statements of Account for Grant Thornton Limited for the period March 1, 2016 to July 31, 2016
Appendix 13	Statements of Account for Taylor McCaffrey LLP for the period March 1 to July 31, 2016

CONFIDENTIAL APPENDICES
(to be filed separately under seal)

Confidential Appendix 1	Mold Remediation Quotes
Confidential Appendix 2	Unredacted Crozier Report and estimated costs to address foundation wall issues
Confidential Appendix 3	Unredacted July 1, 2016 to June 30, 2017 Recast Budget and Increased Funding Requirements
Confidential Appendix 4	Colliers International Valuation Advisory Services Appraisal dated July 21, 2016

INTRODUCTION AND PURPOSE OF THE THIRD REPORT

1. On October 16, 2015, the Honourable Mr. Justice Dewar issued an Order (the "**Appointment Order**") appointing Grant Thornton Limited as receiver (the "**Receiver**") of all of the assets, undertakings and property of 5448124 Manitoba Ltd. ("**544**" and/or the "**Company**"). A copy of the Appointment Order is attached as **Appendix "1"** to this Third Report ("**Third Report**") of the Receiver.

2. At the October 27, 2015 return date and upon review of the Receiver's First Report to the Court ("First Report") Justice Dewar issued an Amended and Restated Order (the "**Amended and Restated Order**"). Copies of the First Report (without appendices) and the Amended and Restated Order are attached as **Appendix "2"** and **Appendix "3"** to this Third Report of the Receiver.

3. The Receiver issued its Second Report ("**Second Report**") on March 31, 2016 which among other things sought an increase to the Receiver's borrowing limit. On April 8, 2016, the Honourable Mr. Justice Dewar issued an Order increasing the Receiver's borrowing limit and adjourning *sine die* the Court's approval of the Second Report and the loan agreement between Cameron Stephens Financial Corporation ("CSFC") and the Receiver dated March 9, 2016 (the "Loan Agreement") (the "**April 8, 2016 Order"**). A copy of the Second Report (without appendices) and the April 8, 2016 Order are attached as **Appendix "4" and "5"** to this Third Report of the Receiver.

4. The purpose of the Third Report is to outline the Receiver's activities and findings since the issuance of the Second Report and to provide the Court with an evidentiary basis to determine whether to grant the relief sought by the Receiver as follows:

    a. Approving the Receiver's request to increase the Receiver's borrowing limit from $458,800 to $1,208,800.00 based on the Recast July 2016 to June 2017 Budget prepared by the Receiver and A.S.H. Management Group Inc. ("**A.S.H.**"), as discussed later in this report;

b. Approving the Loan Agreement and the Amended Loan Agreement between CSFC and the Receiver dated August 4, 2016 (“**Amended Loan Agreement**”);

c. Sealing such confidential appendices as referred to herein;

d. Approving the Receiver’s Interim Statement of Receipts and Disbursements for the period from October 27, 2015, to July 31, 2016;

e. Approving the fees and disbursements of the Receiver and its counsel, Taylor McCaffrey LLP ("**Taylor McCaffrey**") for the period from March 1, 2016 to July 31, 2016;

f. Approving the Second Report and Third Report and the conduct and activities of the Receiver described therein.

SCOPE AND TERMS OF REFERENCE

5. In preparing this Third Report, the Receiver has relied upon unaudited financial information, the Company’s records, financial information and projections and discussions with the Company’s former management and contractors. While the Receiver reviewed various documents provided by the Company and believes that the information therein provides a fair summary of the transactions as reflected in the documents, such work does not constitute an audit or verification of such information for accuracy, completeness or compliance with Generally Accepted Accounting Principles (“**GAAP**”) or International Financial Reporting Standards (“**IFRS**”). Accordingly, the Receiver expresses no opinion or other form of assurance with respect to such information except as expressly stated herein.

6. Some of the information used in preparing this Third Report consists of financial projections. The Receiver cautions that these projections are based upon assumptions about future events and conditions that are not ascertainable. The Company’s actual results may vary from the financial projections, even if the hypothetical and probable assumptions contained therein materialize, and the

variations could be significant. The Receiver's review of the future oriented information used to prepare this Third Report did not constitute an audit of such information under GAAP or IFRS.

7. This Third Report has been prepared for the use of this Court and the Company's stakeholders as general information relating to the Company and for the purpose of assisting the Court in making a determination of whether to approve the relief sought. Accordingly, the reader is cautioned that the Third Report may not be appropriate for any other purpose. The Receiver will not assume responsibility or liability for losses incurred by the reader as a result of the circulation, publication, reproduction or use of the Third Report contrary to the provisions in this paragraph.

8. Capitalized terms not defined in this Third Report are as defined in the Appointment Order. All references to dollars are in Canadian currency unless otherwise noted.

9. Copies of this Third Report and all Orders issued in these proceedings are available on the Receiver's website at:

http://www.grantthornton.ca/services/reorg/bankruptcy_and_insolvency/519Burnell

PARTIES

10. 544 is a company incorporated pursuant to the laws of Manitoba that owns and operates a three story residential apartment building at 519 Burnell Street ("**Burnell" and/or "Property**"), Winnipeg, Manitoba.

11. The registered head office of the Company is located at 910 – 388 Portage Avenue, Winnipeg, Manitoba (the "**Head Office**").

12. Susannah Simes ("**Simes**") and Russell Knight ("**Knight**") are the officers and directors of the Company.

13. Cameron Stephens Financial Corporation ("**CSFC**") is a secured creditor of the Company and holds a first charge real property mortgage and personal property security against the Company's assets as well as holding personal guarantees of Simes and Knight. The Receiver has received an independent security opinion from Taylor acknowledging that the CSFC's security is duly perfected and enforceable in accordance with its terms.

THE RECEIVER'S ACTIVITIES

14. Since the date of the Receiver's Second Report, the Receiver has completed the following:

    a. Corresponding and engaging in numerous discussions with operational stakeholders;

    b. Issued advances to the property manager, A.S.H., to fund expenses incurred on behalf of the property for the Receiver;

    c. Requested that A.S.H. review with its insurance carrier the Company's existing coverages to determine if the coverages were adequate and the premiums competitive, which resulted in a change of insurer and an increase of coverage values effective as of June 1, 2016;

    d. Worked with A.S.H. to provide a form of monthly reporting acceptable to the Receiver and CSFC as part of the monthly reporting package required under the Loan Agreement;

    e. Completed all of the Priority Expenditures and repairs as detailed in the Receiver's Second Report;

    f. Requested funding under the Loan Agreement so that the Receiver could provide advances to A.S.H. to enable it to cover the cash outlays incurred on behalf of the Receiver that are in excess of the rental receipts;

g. Prepared a comparison report of the monthly budget to actual results and provided the report to CSFC and A.S.H.;

h. Filed the corporate tax return for the Company for the year ending May 14, 2015;

i. Assessed with A.S.H. and CSFC the appropriate adjustments to make to the monthly rental rates to estimated market values. This resulted in 18 new apartment leases for the Property completed to July 31, 2016;

j. Reviewed the basement dampness and resulting mold growth issues ("**Basement Dampness Issues**"), as discussed in more detail later below, with CSFC and A.S.H. and instructed A.S.H. to obtain quotations related to identifying and correcting the Basement Dampness Issues (the "**Remediation Quotes**");

k. Requested that A.S.H. prepare and provide information regarding the projected rents to be collected and expenses to be incurred for the period of July 1, 2016 to June 30, 2017;

l. Compiled a re-casted budget and funding requirements schedule ("**Re-casted Budget**") using the information and projections prepared and provided by A.S.H. and the Remediation Quotes. This was done in order to determine the necessary increase to the Receiver's borrowing limit to correct the Basement Dampness Issues;

m. Revised and amended the Loan Agreement to reflect the increased borrowing limit sought by the Receiver to fund the necessary repairs;

n. Requested and received an appraisal of the Property from Colliers International Valuation and Advisory Services ("**Colliers**") on an "As Is" and "As Improved" basis (the "**Appraisal**");

o. Prepared a confidentiality agreement to be used for the purposes of sharing certain information available relating to the Property with interested parties who have expressed an unsolicited interest in the Property;

p. Posted information relating to this filing on the Receiver's website including the Receiver's Third Report; and

q. Worked with its legal counsel regarding a City of Winnipeg by-law infraction which was issued to 544 prior to the date of Appointment Order relating to 544's alleged past failure to remove an accumulation of garbage on the Property.

MANAGEMENT and OPERATIONS OF 519 BURNELL

15. As disclosed in the Receiver's Second Report, less than one half of the units in Burnell were occupied at the time of the Appointment Order and the expenses incurred relating to the Property's operations exceeded the rent being collected.

16. In addition, a number of the occupants were not paying rent and/or were very disruptive and interfered with the quiet enjoyment of other nearby occupants necessitating the attendance of police authorities on a number of occasions. A.S.H. has actively pursued the eviction of the disruptive and non-paying occupants.

17. A number of the vacant units have been cleaned, painted and made ready for occupancy. A.S.H., the Receiver and CSFC have discussed the appropriate rent rate which should be charged for these units. While the initial rents did not result in leases, a further rent reduction has been made.

18. Following this decision, A.S.H. has entered into leases for eighteen units up to the end of July 2016. The majority of new tenants have leased two bedroom apartments. A further reduction in the monthly rental rate will be contemplated if additional tenants are not found in due course for the other unleased units.

19. The Receiver was provided with the Company's QuickBooks file which the Company used to track its income and expenses. The Receiver used this

information to file the Company's corporate tax returns for the May 14, 2015 fiscal year on March 30, 2016.

STATE OF 519 BURNELL

20. As discussed in the Second Report, A.S.H. identified a number of issues with the Property that would need to be addressed ("**Priority Expenditures**"). The following are the list of Priority Expenditures that have been addressed:

    a) Completion and correction of the Property's annual fire alarm testing including deficiencies;

    b) Electrical inspections have been performed which have allowed Manitoba Hydro to restore electricity to various units;

    c) Pest control measures have been taken to eliminate a prior rodent infestation;

    d) All doors have been re-keyed by a locksmith and all door handle sets have been changed;

    e) Fridges and stoves have been purchased for vacant units which are now ready to be rented out;

    f) Coin/card operated laundry equipment has been purchased;

    g) Broken windows have been replaced; and

    h) Units have been cleaned and repaired, including the removal of old furniture.

21. At the time of the Second Report, the Receiver was aware that only 14 of the 22 basement units could be occupied until the occupation permit issue with the City of Winnipeg was resolved, as discussed in the Second Report. Since then, the

Receiver has learned that the basement walls and foundation are damp as a result of either the grading of the Property and/or the foundation's exterior seal. Dampness in the exterior wall has penetrated through to the interior walls in the basement resulting in significant mold growth in the walls and floors. All basement tenants have either been relocated to the upper floors or vacated.

22. With the approval of the Receiver, A.S.H. contacted Pinchin Environmental ("**Pinchin**") to conduct a review of the basement interior to:

    a) determine the extent of mold infestation;

    b) prepare a scope of work for all units in the basement which includes sealing off the basement from the rest of the building and creating a negative pressure environment, remediating the affected areas and removing the affected drywall and flooring;

    c) put out to tender the scope of work to various contractors for pricing; and

    d) provide a summary report of their findings and copies of all quotations obtained.

23. It is the Receiver's intention to engage Pinchin to act as the general contractor for the mold remediation work.

24. The initial work to be done for the mold remediation includes:

    a) sealing off the basement area to tenants to avoid their exposure to the dust and mold spores present in the air;

    b) Install air circulation units that will draw in fresh air from outside.

    (the "**Initial Work**")

25. The Initial Work and all further mold remediation work must be completed before the winter while external temperatures are moderate to prevent a risk of freezing water pipes. Performing the Initial Work in the winter would substantially

increase the cost of remediation because it would require the use of heaters to keep temperatures above freezing.

26. The Receiver requested that Pinchin provide a quote for the Initial Work so that this work could commence on August 8, 2016 and be paid by the Receiver under the current borrowing limit of $458,800.00. The balance of the work could then be awarded and commenced if the Receiver's request for an increase to the borrowing limit is approved by the Court.

27. Given that the Receiver's current borrowing limit is insufficient to fund the remaining portion of the necessary remediation work other than the Initial Work, the Receiver has not awarded that portion of work yet to Pinchin. Accordingly, the Receiver requests that the quotations received by Pinchin remain confidential and sealed until such time that the work is awarded and completed so that the Receiver is not negatively impacted should another contractor be required to complete the work. Attached as Confidential Appendix "1" are copies of the quotations received for the mold remediation.

INVESTIGATION INTO THE CAUSE OF DAMPNESS ISSUE

28. A.S.H. has also contacted three engineering firms to provide a proposal for their costs to prepare a report to investigate and determine the cause of the Basement Dampness Issues. Only Crosier Kilgour & Partners Ltd. ("**Crosier**") provided a proposal. The Receiver approved A.S.H. retaining Crosier to conduct its review and to report its findings which included the estimated costs to correct the Basement Dampness Issues.

29. Crosier's review included a visual inspection of the foundation wall from both the interior and exterior of the Property. The scope of work also involved digging two test pits to review the condition of the parging on the foundation wall. It is Crosier's opinion that the parging has debonded allowing water to enter the mortar joints creating further degradation to the foundation and allowing water to soak into the exterior wall. Crosier provided an initial and follow up report after

the two test digs were done which included an estimate of costs to correct the foundation issue. The Receiver intends to have Crosier do a follow up review of the foundation once the interior walls are removed as part of the mold remediation work to determine if the scope of work proposed by Crosier has changed and whether their initial estimate can be reduced.

30. The Receiver is of the opinion that the estimated cost provided by Crosier should not be made public at this time as it could negatively impact a future tender process for the work. As such, attached as Appendix “6” and Confidential Appendix “2” are redacted and un-redacted copies of the Crosier reports.

31. Once the mold remediation and foundation dampness corrective work is completed, all 22 units in the basement will require some level of restorative work to return the units into a rent ready state. As discussed in the Second Report, A.S.H. had obtained an estimate to complete the work on just the eight units for approximately $200,000. This work is subject to the City of Winnipeg’s zoning and temporary occupancy permit requirements. Given that the exact extent of work required is not known at this time, the Receiver has not yet obtained an estimate to restore all 22 units to a rent ready state, but expects the cost to substantially exceed $200,000.

PRE-RECEIVERSHIP CITY OF WINNIPEG BY-LAW INFRACTION

32. On June 17, 2016, the Receiver was forwarded a Provincial Court Summons by 544's bookkeeper requiring 544 to attend before the Provincial Court on September 8, 2016. This arose as a result of 544 failing to pay a ticket issued in or around November 13, 2014, for 544's alleged failure to remove an accumulation of garbage on the Property pursuant to a City of Winnipeg by-law. The Receiver is advised by its counsel that they are in communication with the Crown Prosecutor assigned to the matter and are reviewing the Receiver's legal position.

JULY 2016 TO JUNE 2017 BUDGET and INCREASED FUNDING REQUIREMENTS

33. Based upon the current state of the building, Burnell still does not have sufficient revenue to meet expenses and professional fees from available cash flow.

34. A.S.H. has been providing monthly reporting updates which includes financial information such as income statements, bank reconciliations, tenant receivables, rent rolls, accounts payable, accrual reports and a status report of various aspects of the Property's operations which helps enable the Receiver to ascertain the necessary funding.

35. The Re-casted Budget provides the operating cash requirements for the Property including the costs of the Receiver and its counsel to date, and the estimated professional costs for the period ending June 2017. The budget was developed by the Receiver from information available to A.S.H. and the Receiver to determine the necessary increase for the Receiver's borrowing limit. The Receiver has attached redacted and un-redacted versions of the Re-casted Budget which provide the operational funding requirements but redact the estimated costs related to remediating the Basement Dampness Issues, until such time as the work is awarded and completed. Attached as Appendix "7" is a copy of the Redacted Recast Budget and Confidential Appendix "3" is an un-redacted version.

36. During the Receiver's consultations with CSFC regarding the Basement Dampness Issues, it was apparent that although CSFC wanted the Receiver to proceed with one of Pinchin's mold remediation quotes, the Receiver would not have sufficient funding to authorize the balance of the work except for the portion of the work that required sealing off and ventilating the basement that is currently underway.

37. On July 27, 2016 CSFC and the Receiver held a conference call to discuss the Re-casted Budget and funding required. CSFC subsequently advised the Receiver that it would support the Receiver seeking an approval for an increase to its credit facility by $750,000 for a maximum borrowing of $1,208,800.00. As the Receiver's existing borrowing authority under the April 8, 2016 Order is currently limited to $458,800.00 any advances to be made over and above $458,800.00

would be subject to obtaining a Court Order increasing the Receiver's borrowing charge. CSFC also advised that it would be necessary to prepare the Amended Loan Agreement between it and the Receiver before any additional advances under the existing credit facility could be made.

38. On August x, 2016 CSFC and the Receiver were able to finalize and execute the Amended Loan Agreement, a true copy of which is attached hereto as Appendix "8" ("Amended Loan Agreement").

39. In order to access any portion of the increased borrowing limit under the Amended Loan Agreement, it is necessary for the Court to increase the Receiver's borrowing charge limit under the April 8, 2016 Order.

APPRAISAL OF THE PROPERTY AND POTENTIAL SALES PROCESS

40. A sales process was not originally contemplated until certain milestones for the Property were achieved which included;

    a) the Priority Expenditures work being completed;

    b) eviction of the non-paying and disruptive tenants;

    c) lease up of the apartments to a stabilized occupancy; and

    d) potentially completing the work on the basement units that are subject to zoning and occupancy permit requirements that are incomplete.

41. CSFC and the Receiver were of the view that a sales process being conducted after the above items were completed would garner better results, making the outcome and costs to administer the sales process more worthwhile.

42. However, two unsolicited expressions of interest were received (the "**Potential Purchasers**").

43. As a result of the unsolicited interest from the Potential Purchasers and with the ever mounting list of problems the Property was/is encountering, CSFC requested

the Receiver obtain an appraisal of the Property based on two assumptions, one being "As Is" in its current condition and one on the basis of "As Improved" which would involve repairing and remediating all the basement issues and achieving stabilized occupancy.

44. Colliers was engaged on July 5, 2016 to prepare these Appraisals (the "**Collier's Appraisal**"). A copy of the final Collier's Appraisal is attached as Confidential Appendix "4". It is the Receiver's view that while it is appropriate for the Court to have full disclosure of the range of values, it could be prejudicial to the interest of the stakeholders as well as any future approved sales process if public disclosure occurred at this time. As such, the Receiver requests that the Collier's Appraisal be the subject of a Sealing Order until further order of this Court.

45. In light of the added issues and potential remediation costs in the basement now being better understood, the Receiver and CSFC intend to canvass the Potential Purchasers to determine what they are prepared to offer for the Property.

46. While it is the Receiver's view that a formal, widely marketed sales process approved by the Court should be initiated at an appropriate time and has advised the Potential Purchasers of this requirement, it is still premature to obtain approval of such a process given the current state of the Property. Accordingly, the Receiver intends to explore whether the Potential Purchasers are interested in the Property and if either are prepared to make a reasonable offer with one to possibly become a Stocking Horse bidder and negotiate in conjunction with a formal sales process. This proposed course of action has been communicated to the Potential Purchasers and agreed to by CSFC.

47. The Receiver prepared a form of Confidentiality Agreement which was executed by the Potential Purchasers and information is currently being provided to the Potential Purchasers. A copy of the Confidentiality Agreement is attached as Appendix "9" to this Third Report.

RECEIPTS AND DISBURSEMENTS OF THE RECEIVERSHIP

48. Attached as Appendix "10" is the Receiver's Interim Statement of Receipts and Disbursements for the period October 27, 2015 to July 31, 2016.

49. Attached as Appendix "11" is A.S.H.'s Interim Statement of Receipts and Disbursements for the period December 17, 2015 to June 30, 2016.

50. The Receiver notes that there are three Receiver Certificates issued to CSFC for a total of $405,000.00 to cover the initial operational expenses and priority repairs required at the property. As at July 31, 2016, the Receiver held $54,749.91 in its bank accounts and A.S.H. held $ 93,312.86.

RECEIVER'S FEES AND DISBURSEMENTS

51. Pursuant to paragraph 18 of the Appointment Order, the Receiver and its counsel may pass their accounts from time to time.

52. The Receiver seeks to have its fees and disbursements, including those of its legal counsel, approved by the Court. The Receiver and its counsel have maintained detailed records of their professional time and costs.

53. Total fees, disbursements and applicable taxes of the Receiver for services provided from March 1, 2016 through to July 31, 2016 totals $55,454.32. Attached as Appendix "12" are true copies of the Receiver's statements of account including the detailed time and disbursement record.

54. Taylor McCaffrey has acted as the Receiver's legal counsel on all matters relating to this proceeding. Total fees, disbursements and applicable taxes for Taylor McCaffrey from March 1, 2016 through to July 31, 2016 is $28,911.18. Attached as Appendix 13 hereto are true copies of the statements of account rendered by Taylor McCaffrey which include the detailed time and disbursement breakdown.

55. It is the Receiver's opinion that the fees and disbursements of the Receiver and Taylor McCaffrey are fair and reasonable, justified in the circumstances and accurately reflect the work done by the Receiver and on behalf of the Receiver by its legal counsel in connection with the receivership and the administration of the

Property of the Company from commencement of the engagement to July 31, 2016. The Receiver recommends approval of both its own and Taylor McCaffrey's accounts by this Honourable Court.

CONCLUSION

56. The Receiver believes it is an appropriate time to report to the Court on its activities since the Second Report and to seek the increase in the Receiver's borrowing limit to adequately fund the necessary remediation work and ongoing operations for the Property, and to obtain approval for its activities to date. CSFC has been consulted and supports the recommendations of the Receiver as set out herein.

57. Accordingly, for reasons set out in this Third Report, the Receiver respectfully requests an Order in the form outlined in paragraph 4 above.

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ALL OF WHICH IS RESPECTFULLY SUBMITTED this 5th day of August, 2016.

GRANT THORNTON LIMITED,
IN ITS CAPACITY AS COURT-APPOINTED

RECEIVER OF 5448124 MANITOBA LTD.

AND NOT IN ITS PERSONAL OR CORPORATE CAPACITY

Per:____

Michael G. Creber, CPA, CA, CF, CIRP
Senior Vice-President

APPENDIX 7

File No. CI 15-01-97928

THE QUEEN'S BENCH
WINNIPEG CENTRE

IN THE MATTER OF: An application pursuant to Subsection 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, as amended

B E T W E E N:

CAMERON STEPHENS FINANCIAL CORPORATION,

Applicant,

- and -

5448124 MANITOBA LTD.,

Respondent.

ORDER
(MOTION TO FURTHER INCREASE RECEIVER'S BORROWING LIMIT AND OTHER RELIEF)

TAYLOR McCAFFREY LLP
Barristers and Solicitors
9th Floor - 400 St. Mary Avenue
Winnipeg, Manitoba
R3C 4K5

David R.M. Jackson (204 988-0375)
Fax – 204 957-0945
Client File No. 98665-1 DJAC

THE QUEEN'S BENCH
WINNIPEG CENTRE

THE HONOURABLE	)	
	)	The 16th day of August, 2016
MR. JUSTICE DEWAR	)	

IN THE MATTER OF: An application pursuant to Subsection 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, as amended

B E T W E E N:

CAMERON STEPHENS FINANCIAL CORPORATION,

Applicant,

- and -

5448124 MANITOBA LTD.,

Respondent.

ORDER

THIS MOTION made by Grant Thornton Limited, in its capacity as Receiver, was heard this day at Winnipeg.

ON READING the First Report of the Receiver dated October 26, 2015 ("First Report"), the Second Report of the Receiver dated March 31, 2016 ("Second Report"), the Third Report of the Receiver dated August 5, 2016 ("Third Report"), the Confidential Appendices to the Third Report ("Confidential Appendices") and on hearing the submissions of counsel for the Receiver and the Applicant, no one appearing for any other party though duly served as appears from the Affidavit of Service affirmed August 15, 2016:

1. THIS COURT ORDERS that the time for service of the Notice of Motion is hereby abridged and validated so this motion is properly returnable today and hereby dispenses with further service thereof.

2. THIS COURT ORDERS that the Amended and Restated Order entered October 27, 2015 appointing the Receiver over 5448124 Manitoba Ltd. ("544") ("Receivership Order") be varied in paragraph 21 thereof by increasing the borrowing limit set out therein from $458,800.00 (not including capitalized interest and costs) to $1,208,800.00.

3. THIS COURT ORDERS that the Confidential Appendices to the Third Report be sealed, kept confidential and not form part of the public record and shall remain stored electronically with this Court on an encrypted basis limiting access to only the Registrar of this Court and the presiding Judge and shall only be made accessible or form part of the public record upon further Order of this Court.

4. THIS COURT APPROVES the Loan Agreement between Cameron Stephens Financial Corporation ("CSFC") and the Receiver dated March 9, 2016 and the Amended Loan Agreement between CSFC and the Receiver dated August 4, 2016.

5. THIS COURT APPROVES the Second Report and Third Report.

6. THIS COURT APPROVES the Receiver's Interim Statement of Receipts and Disbursements up to July 31, 2016 as attached to its Third Report as Appendix 10.

7. THIS COURT APPROVES the fees and disbursements of the Receiver and its legal counsel, Taylor McCaffrey LLP up to July 31, 2016, as attached to the Third

Report as Appendices 12 and 13 thereof, excepting that Taylor McCaffrey LLP's account dated March 14, 2016 found at Appendix 13 was approved under the previous Order of this Court signed April 9, 2016.

August , 2016

R.A. Dewar J.

Digitally signed by R.A. Dewar J.
DN: c=ca, o=ldrc, cn=R.A. Dewar J.
Date: 2016.08.17 16:57:02 -05'00'

APPENDIX 8

Crosier Kilgour & Partners Ltd.™

CONSULTING STRUCTURAL ENGINEERS

October 3, 2016 Our File No. 2016-0610

A.S.H. Management Inc.
#100 – 233 Portage Ave
Winnipeg, MB
R3B 2A7

Attention: Rebecca Ellis

Dear Ms. Ellis:

Re: 519 Burnell Street
Follow-up Recommendations

Further to our letter dated June 15, 2016, we have been requested to provide follow-up recommendations, specifically to address an alternative solution that recommends grading to resolve the moisture-related foundation issues at this property.

ASH Management has suggested to us that another engineer has recommended grading of the courtyard and parking lot as a way to eliminate the ingress of water into the foundation walls, and the subsequent structural deterioration and mould growth that have accompanied it.

As noted in our recommendations, proper grading away from the structure is an important component of the overall repair; however, site grades alone cannot be relied upon to direct water away from the structure on a long-term basis, nor is it reasonable to assume that the ground adjacent to the building will dry out once grades are corrected.

Now that the mould abatement has been completed, we have had the opportunity to view the space from the interior. It is now evident that spray foam insulation and drainage board have been installed against the interior face of the exterior basement walls at some point in the past. We are also told that an interior weeping tile system was installed in the past. This work would have been completed to direct water entering the stone foundation wall down the face of the wall instead of entering the building interior. The sub-slab weeping tile would then drain that water away.

A detrimental side effect of such an installation is that the exterior wall becomes much colder in winter than it would have been without the insulation. Any water that enters the wall system in this scenario has a much greater potential to freeze, accelerating deterioration of the wall and providing an explanation for the observed current condition of the foundation wall.

The budget price we provided includes the addition of exterior insulation to the waterproofing system. This would aid in reducing the potential for the wall to freeze, but we would require that the interior insulation be removed as part of this project, since it is currently causing more harm than good.

We recommend Option 1 as identified in our report. Incorporating option 2 would require the installation of a metal cladding which may be objectionable from an aesthetic perspective. Option 1 would restore the original stone foundation wall above grade, and the removal of the insulation would allow the wall to remain warmer in the winter months, decreasing damage caused by freezing.

We believe that the interior insulation removal could be completed within the budget price provided, given that we have already included a 25% contingency plus 10% for miscellaneous repairs.

Note that the budget costs provided do not include costs related to reinstatement of the interior finishes.

I trust this provides you with the information you require at this time. If you have any questions, please contact the undersigned.

Sincerely,

Haney J. Louka, P.Eng.

/hjl

F:\2016\0600-0699\2016-0610\corres\letter\2016-0610 Letter to ASH re Follow-up Recommendations.docx

APPENDIX 9

SUPERIOR
Asphalt PAVING Co. Ltd.

Paving the way to any location.

40 Nicolas Ave
Winnipeg, MB R2J 0T5
T: 204.254.3737
F: 204.257.6111
www.superiorasphaltpaving.ca

Date: September 27, 2016

Quote #: H-201

ASH Management
233 Portage Ave, #100
Winnipeg, Manitoba

Attn: Grant

RE: 519 Burnell St – Parking Area
After taking grade shots at the above address, it was determined that drainage can be achieved:

Option A:
- Call, locate and mark services
- Excavate area and remove
- Supply and install geotextile material
- Supply and install 12" of crushed granular

Option B:
- Call, locate and mark services
- Excavate area and remove
- Supply and install geotextile material
- Supply and install 12" of crushed granular
- Supply and install 3" of hot mix asphalt
- Line paint stalls

Option A **Our Price: $31,985.00 + G.S.T.**

Option A & B **Our Price: $64,782.00 + G.S.T.**

*Price quoted does not include excavation/backfill of unsuitable material if encountered.
*If a soft dig is required due to utilities, costs are not included.
*Quotation valid for 30 days.

Thank you for the opportunity to quote on the above.

Yours Truly,

Howard Bloomfield
Director of Sales and Marketing

APPENDIX 10

THIS SECOND LOAN AMENDING AGREEMENT made this —— day of December, 2016, between:

GRANT THORNTON LIMITED, solely in its capacity as court-appointed receiver and manager of the Debtor and the Property (as hereinafter defined), and not in its personal capacity,

(the "*Borrower*")

- and -

CAMERON STEPHENS FINANCIAL CORPORATION,

(the "*Lender*")

WHEREAS the Borrower and the Lender are parties to that certain Loan Agreement made the 9th day of March, 2016 (the "**Original Loan Agreement**") as amended by that certain Loan Amending Agreement dated the 4th day of August, 2016 (collectively, the "**Loan Agreement**");

AND WHEREAS the Borrower and the Lender have agreed to amend the Loan Agreement to extend the Maturity Date as more particularly set out herein;

NOW THEREFORE the parties hereto covenant and agree as follows:

ARTICLE 1 - DEFINED TERMS

1.01 Defined Terms

In this Agreement, unless there is something in the subject matter or context inconsistent therewith, all capitalized terms used but not defined herein shall have the meaning ascribed to them in the Loan Agreement.

ARTICLE 2 – AMENDMENTS TO LOAN AGREEMENT

2.01 Amendment to Maturity Date

The Borrower and the Lender hereby agree that the Loan Agreement is amended as follows:

> the "*December 31, 2016*" date contained in Section 2.04(a) ofthe Original Loan Agreement is hereby replaced with "*December 31, 2017*".

2.02 No Other Amendments

The Borrower and the Lender hereby confirm that all other terms and conditions of the Loan Agreement shall remain in full force and effect, unamended.

ARTICLE 3 - GENERAL

3.01 Modification, Waiver, Consent

Any modification or waiver of any provision of this Second Loan Amending Agreement, or any consent to any departure by the Borrower therefrom, shall not be effective in any event unless the same is in writing and signed by the Lender, and then such modification, waiver or consent shall be effective only in the specific instance and for the specific purpose given. Any notice to or demand on the Borrower in any event not specifically required of the Lender hereunder shall not entitle the Borrower to any other or further notice or demand in the same, similar or other circumstances unless specifically required hereunder.

3.02 Notice

Any notice, request, demand, consent, approval or other communication provided or permitted hereunder shall be in writing and may be given by personal delivery, facsimile transmission or may be sent by registered mail, postage prepaid (with Acknowledgment of Receipt Card), addressed to the party for which it is intended at the following address:

Borrower:

Grant Thornton Limited
11th Floor | 200 King Street West
Box 11 | Toronto | ON | M5H 3T4
T +1 416 369 7047
F +1 416 360 4949
Attention Michael Creber
E Michael.Creber@ca.gt.com

And to

Taylor McCaffrey LLP
9th Floor – 400 St. Mary Avenue
Winnipeg, MB, R3C 4K5
T+ 1 204.988.0375
F+ 204.953.7178
Attention: David R. M. Jackson
djackson@tmlawyers.com

Lender:

Cameron Stephens Financial Corporation
25 Adelaide Street East, Suite 600
Toronto, ON M5C 3A1
T +1 416-591-8787
C +1 416-895-4176
Attention Scott Cameron, President
scott@cameronstephens.com

And to

Aikins, MacAulay & Thorvaldson LLP
30th Floor - 360 Main Street |
Winnipeg, MB R3C 4G1
T+ 1.204.957.4663
F+ 204.957.4285
Attention: J.J. Burnell
jjbb@aikins.com

however, any party may change its address for purposes of receipt of any such communication by giving ten Business Days prior written notice of any such change to the other party in the manner above prescribed. Any notice delivered or sent by facsimile transmission shall be deemed to have been given on the day of receipt, or faxed, if a Business Day, and otherwise on the next succeeding Business Day. Any notice sent by registered mail as aforesaid shall be deemed to have been given on the date of receipt of such notice by the Borrower as disclosed on the aforesaid Acknowledgment of Receipt Card, except in the event of mail disruption in which case notices shall be delivered, telexed or telecopied.

3.03 Time

Time shall be of the essence hereof.

3.04 Further Assurances

The Borrower hereby agrees that, at any time and from time to time, it shall, upon request of the Lender, execute and deliver such further documents and instruments and do such further acts and things as the Lender may require in order to effect the purpose of this Second Loan Amending Agreement.

3.05 Paragraphs, Headings, Etc.

Paragraphs and headings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement unless expressly referred to in the provisions of this Second Loan Amending Agreement.

3.05 Assignment or Assumption

The Borrower shall not be entitled to assign any of their rights hereunder, and no person may assume the obligations of the Borrower hereunder, without the prior written consent of the Lender or Court Approval.

307 Applicable Law

This Second Loan Amending Agreement shall be governed by and construed in accordance with the laws of the Province of Manitoba.

3.08 Severability

If any provision of this Second Loan Amending Agreement is prohibited by or is invalid or unenforceable under any applicable law, such provision shall be ineffective to the extent of such prohibition without invalidating the remaining provisions hereof.

3.09 Enurement

Subject to the provisions of this Second Loan Amending Agreement respecting non-assignability by the Borrower, this Second Loan Amending Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

3.10 Counterparts and Electronic Execution

This Second Loan Amending Agreement may be executed in any number of counterparts, each of which when executed and delivered shall be deemed to be an original and all of which when taken together constitute but one and the same agreement. Any party may execute this Second Loan Amending Agreement by signing any counterpart of it. This Second Loan Amending Agreement may be executed by one or more of the parties by facsimile or email (.pdf) transmitted signature and all parties agree that the reproduction of signatures by way of facsimile or email (.pdf) device will be treated as though such reproductions were executed originals.

[remainder of this page left blank intentionally; signature page follows]

IN WITNESS WHEREOF the parties hereto have duly executed this Second Loan Amending Agreement as of the date first written above.

GRANT THORNTON LIMITED,
solely in its capacity as receiver and manager of the Debtor and the Property, and not in its personal capacity

Per: ______________________
Michael G. Cuber
Senior Vice President

Per: ______________________

CAMERON STEPHENS FINANCIAL CORPORATION

Per: ______________________

Per: ______________________

APPENDIX 11

District of Manitoba
Estate File No. 21-081476
Court File No.: CI15-01-97928

IN THE MATTER OF THE RECEIVERSHIP OF
5448124 MANITOBA LTD.
OF THE CITY OF WINNIPEG, IN THE PROVINCE OF MANITOBA

RECEIVER'S INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD ENDING FEBRUARY 28, 2017

RECEIPTS				
Rental Receipts			$	91,800
Advance from Secured Creditor				848,000
Interest Income				395
Total Receipts			**$**	**940,196**
RECEIVERSHIP DISBURSEMENTS				
Fees Paid to Official Receiver				70
Administrative Fees				275
HST Paid				2,122
Bank Charges				90
Security				18,300
Utilities				22,954
Advance to Property Manager				525,000
Property Management				10,887
Waste Disposal				105
Repairs and Maintenance				53
Insurance				11,040
Legal Fees	$	75,092		
GST on Legal Fees		4,803		79,895
Receivers Fees	$	143,000		
HST on Receivers Fees		18,590		161,590
Total Disbursements				832,381
RECEIPTS LESS DISBURSEMENTS			**$**	**107,815**

APPENDIX 12

District of Manitoba
Estate File No. 21-081476
Court File No.: CI15-01-97928

IN THE MATTER OF THE RECEIVERSHIP OF
5448124 MANITOBA LTD.
OF THE CITY OF WINNIPEG, IN THE PROVINCE OF MANITOBA

A.S.H. MANAGEMENT GROUP INC. INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD ENDING FEBRUARY 28, 2017

RECEIPTS	
Rental Receipts	398,867
Advance from Receiver	525,000
Total Receipts	923,867
RECEIVERSHIP DISBURSEMENTS	
Advertising	19,037
Appliance purchases	64,677
Insurance	31,346
Office	12,085
Property management	82,056
Property taxes	59,007
Repairs and Maintenance	446,611
Salaries & benefits	70,705
Security deposit re-imbursements	8,206
Utilities	124,922
Total Disbursements	918,651
RECEIPTS LESS DISBURSEMENTS	5,217

APPENDIX 13

Court File No. CI-15-01-97928

THE QUEEN'S BENCH

Winnipeg Centre

BETWEEN:

CAMERON STEPHENS FINANCIAL CORPORATION

Applicant

- and -

5448124 MANITOBA LTD.

Respondent

AFFIDAVIT OF MICHAEL G. CREBER

I, **MICHAEL G. CREBER**, of the City of Toronto, in the Province of Ontario, **MAKE OATH AND SAY** as follows:

1. I am Senior Vice-President of Grant Thornton Limited, ("**GTL**") which was appointed as receiver and manager ("**Receiver**") without security, of all the assets, undertakings and properties of 5448124 Manitoba Ltd. (the "**Company**"). As such, I have knowledge of the matters hereinafter deposed to, except where stated to be on information and belief and whereso stated I verily believe such to be true.

2. Attached and marked as Exhibit "**A**" to this my affidavit is a true copy of the detailed billings setting out the fees and disbursements (including HST) of GTL incurred in its role as

Receiver of the Company from August 1, 2016 to February 28, 2017, in the total amount of $46,226.26, plus HST, and such is summarized on Exhibit "**B**" to this my affidavit.

3. Given the complexity of this insolvency matter, I believe the hourly rates and the total amount of fees are reasonable and comparable for insolvency services of this nature rendered by other firms in the City of Toronto.

4. The hours spent on this matter and disbursements incurred by GTL are outlined in detail in Exhibits "**A**" and "**B**" and I believe were reasonable and appropriate in the circumstances.

5. This affidavit is sworn in connection with the approval of the fees and disbursements of GTL and for no improper purpose.

SWORN BEFORE ME at the City of Toronto, in the Province of Ontario, this 16th day of March, 2017.	
Commissioner for Taking Affidavits, etc.	MICHAEL G. CREBER

Jonathan David Krieger,
a Commissioner, etc., Province of Ontario
for Grant Thornton Limited.
Expires January 03, 2020.

Exhibit "**A**" to the Affidavit of Michael G. Creber, sworn before me this 16th day of March, 2017.

Commissioner for Taking Affidavits, etc.

Jonathan David Krieger,
a Commissioner, etc., Province of Ontario,
for Grant Thornton Limited.
Expires January 03, 2020.

Grant Thornton

Court File No. CI-15-01-97928

THE QUEEN'S BENCH

IN THE MATTER OF THE APPOINTMENT OF A RECEIVER PURSUANT TO SECTION 243 OF THE BANKRUPTCY AND INSOLVENCY ACT R.S.C. 1985, c B-3 AS AMENDED

CAMERON STEPHENS FINANCIAL CORPORATION

Applicant

-and-

5448124 MANITOBA LTD.

Respondent

BILL OF COSTS

To professional services rendered as Court-Appointed Receiver for the period from August 1, 2016 to August 31, 2016.

Date	Description	Hours
August 2, 2016	**Michael Creber**	
	• Review draft report and discussion re: same.	2.60 hours
August 2, 2016	**Jan Oros**	
	• Review court report with M. Creber and make changes as required, send draft court report to counsel to review, pull information for appendices, and follow up with Pinchin.	4.50 hours
August 3, 2016	**Michael Creber**	
	• Correspondence re: remediation; Discussion with potential purchaser; Correspondence draft report.	2.40 hours

August 3, 2016	**Jan Oros**		
	• Adjust draft 3rd receiver's report, prepare and provide appendices to counsel for review, discuss report with M. Creber.	3.00 hours	
August 4, 2016	**Michael Creber**		
	• Review draft report, motion material and amended loan agreement and attachments thereto and discussion and correspondence re: same; Discussion and correspondence re: loan draws and mold remediation.	3.10 hours	
August 4, 2016	**Jan Oros**		
	• Emails with counsel and M. Creber regarding 3rd receiver's report and amended loan agreement, call with lender regarding mold remediation.	1.50 hours	
August 4, 2016	**Rosa Wilford**		
	• Reconciled July 2016 bank statement.	0.10 hours	
August 5, 2016	**Michael Creber**		
	• Court matters; Sale process matters; Loan agreement matters; Rectification matters; Report finalization.	2.60 hours	
August 5, 2016	**Jan Oros**		
	• Review emails on changes to 3rd report of receiver for court and loan agreement from counsel and provide feedback.	1.00 hours	
August 8, 2016	**Michael Creber**		
	• Loan agreement matters and related correspondence.	1.40 hours	
August 8, 2016	**Jan Oros**		
	• Review emails from counsel regarding amended loan agreement, review original loan agreement.	0.50 hours	
August 9, 2016	**Michael Creber**		
	• Remediation matters; OSB matters; Potential purchaser discussion; Borrowing matters.	1.90 hours	

August 9, 2016	**<u>Jan Oros</u>**	
	• Review emails from counsel; Follow up on mold remediation work.	0.50 hours
August 10, 2016	**<u>Michael Creber</u>**	
	• Motion record review.	0.40 hours
August 10, 2016	**<u>Jan Oros</u>**	
	• Review emails from counsel regarding court report.	0.50 hours
August 11, 2016	**<u>Michael Creber</u>**	
	• Loan agreement and court matters.	0.60 hours
August 12, 2016	**<u>Michael Creber</u>**	
	• Discussion with legal counsel; File status update; Discussion with potential purchaser.	0.60 hours
August 15, 2016	**<u>Michael Creber</u>**	
	• Review reporting; Sales process matters; File status update.	1.20 hours
August 15, 2016	**<u>Jan Oros</u>**	
	• Review July reporting sent from property manager, prepare budget vs actual cash burn worksheet, send email of queries relating to July reporting to Ash, send info to lender, send NDA to potential purchaser, follow up with Pinchin and remediation work to be done.	2.75 hours
August 16, 2016	**<u>Michael Creber</u>**	
	• Court matters; Creditor matters.	1.10 hours
August 16, 2016	**<u>Jan Oros</u>**	
	• Review incoming mail, send email to hydro.	1.25 hours
August 16, 2016	**<u>Rosa Wilford</u>**	
	• Prepare receipts, posting entries and general banking administration.	0.20 hours

August 16, 2016	<u>Valerie Naccarato</u>	
	• Deposit at bank.	0.10 hours
August 17, 2016	<u>Michael Creber</u>	
	• Sales process matters.	0.30 hours
August 17, 2016	<u>Jan Oros</u>	
	• Follow up with Ash on various operational matters, send email to Pinchin regarding mold remediation work, review and respond to emails.	0.50 hours
August 18, 2016	<u>Michael Creber</u>	
	• Banking matters; Creditor matters; Sales process matters.	0.60 hours
August 18, 2016	<u>Jan Oros</u>	
	• Follow up with Ash on various operational matters, send email to Pinchin regarding mold remediation work, review and respond to emails, discuss file with M. Creber, draft email to potential purchaser to review with M. Creber.	0.65 hours
August 18, 2016	<u>Rosa Wilford</u>	
	• Follow email instructions, correspondence with Bank, review print screens for incoming wire and bank charges, prepare receipts, disbursements, posting entries, disbursements, cheques, respond to email and general banking administration; Scan and save documents on server.	1.00 hours
August 19, 2016	<u>Michael Creber</u>	
	• Banking matters; Creditor matters; Reporting matters; Sales process matters.	0.70 hours
August 19, 2016	<u>Jan Oros</u>	
	• Send potential purchasers various reports and details regarding the property, review rent roll report provided by Ash and input into our own formatted rent roll worksheet and send to lender, follow up emails with Ash and Pinchin.	1.00 hours
August 22, 2016	<u>Michael Creber</u>	
	• Remediation matters; Sales process matters.	0.70 hours

August 22, 2016	<u>**Jan Oros**</u>		
	• Review emails, send CSFC update regarding Pinchin.	0.25 hours	
August 23, 2016	<u>**Michael Creber**</u>		
	• Sales process matters.	0.20 hours	
August 24, 2016	<u>**Michael Creber**</u>		
	• Remediation matters; Sales process matters; Web maintenance.	0.60 hours	
August 24, 2016	<u>**Jan Oros**</u>		
	• Call/email with RMS, emails with Ash, emails with counsel, follow up with Pinchin.	0.75 hours	
August 25, 2016	<u>**Michael Creber**</u>		
	• Correspondence re: appraisal; Correspondence re: reporting; Remediation matters.	0.60 hours	
August 25, 2016	<u>**Jan Oros**</u>		
	• Emails with Ash, emails with counsel, follow up with Pinchin, review website and get further materials and orders posted.	0.50 hours	
August 26, 2016	<u>**Michael Creber**</u>		
	• Correspondence re: appraisal.	0.20 hours	
August 26, 2016	<u>**Jan Oros**</u>		
	• Review emails.	0.25 hours	
August 26, 2016	<u>**Valerie Naccarato**</u>		
	• Followed instructions, prepared disbursement, post entry and general banking administration.	0.30 hours	
August 29, 2016	<u>**Jan Oros**</u>		
	• Review and respond to emails with counsel.	0.15 hours	

August 30, 2016	**Jan Oros**		
	•	Review emails from Ash, lender, debtor, email & phone call with potential purchaser, forward repair details/quote to lender for review and comment, respond to counsel email regarding building drawings.	0.75 hours
August 31, 2016	**Michael Creber**		
	•	Correspondence with Cameron, potential purchasers and property manager.	0.90 hours
August 31, 2016	**Jan Oros**		
	•	Review emails.	0.10 hours

Time Charges and Expenses

M. Creber, Sr. Vice President	22.70	hours @	$550.00	per hour	$ 12,485.00
J. Oros, Manager	20.40	hours @	$280.00	per hour	$ 5,712.00
R. Wilford, Manager	1.30	hours @	$235.00	per hour	$ 305.50
V. Naccarato, Analyst	0.40	hours @	$120.00	per hour	$ 48.00
	44.80				$ 18,550.50
5% Technology and Administration					$ 927.53
					$ 19,478.03
HST (13%)					$ 2,532.14
Total Due					**$ 22,010.17**

Grant Thornton

Court File No. CI-15-01-97928

THE QUEEN'S BENCH

IN THE MATTER OF THE APPOINTMENT OF A RECEIVER PURSUANT TO SECTION 243 OF THE BANKRUPTCY AND INSOLVENCY ACT R.S.C. 1985, c B-3 AS AMENDED

CAMERON STEPHENS FINANCIAL CORPORATION

Applicant

-and-

5448124 MANITOBA LTD.

Respondent

BILL OF COSTS

To professional services rendered as Court-Appointed Receiver for the period from September 1, 2016 to September 30, 2016.

Date	Description	Hours
September 1, 2016	Michael Creber	
	• Sales process issues.	0.30 hours
September 1, 2016	Jan Oros	
	• Review emails.	0.10 hours
September 2, 2016	Michael Creber	
	• Sales process matters.	0.10 hours
September 2, 2016	Jan Oros	
	• Review emails.	0.10 hours
September 6, 2016	Michael Creber	
	• Correspondence re: Cameron.	0.30 hours

September 6, 2016	**Jan Oros**		
	• Review emails.	0.25 hours	
September 6, 2016	**Rosa Wilford**		
	• Review account, receipts, posting entries, prepare disbursements; Cheques and general banking administration.	0.50 hours	
September 7, 2016	**Michael Creber**		
	• Correspondence and file status update; Insurance matters; Correspondence re: Cameron.	0.60 hours	
September 7, 2016	**Jan Oros**		
	• Review emails from Ash regarding fire at building.	0.25 hours	
September 8, 2016	**Michael Creber**		
	• Correspondence re: Cameron.	0.30 hours	
September 8, 2016	**Jan Oros**		
	• Follow up with Pinchin on mold remediation; Review emails.	0.15 hours	
September 8, 2016	**Valerie Naccarato**		
	• Prepare August 2016 bank reconciliation.	0.20 hours	
September 9, 2016	**Jan Oros**		
	• Calls/emails with prospective purchaser and respond to questions regarding their due diligence; Follow up with Pinchin on mold remediation.	0.50 hours	
September 9, 2016	**Rosa Wilford**		
	• Review account and follow instructions, prepare disbursements, cheque and general banking administration.	0.30 hours	
September 11, 2016	**Jan Oros**		
	• Prepare rent roll report from information provided by Ash for August.	1.00 hours	

September 12, 2016	**Michael Creber**	
	• Correspondence secured creditor; Review reporting; Sales process matters.	1.20 hours
September 12, 2016	**Jan Oros**	
	• Review emails.	0.20 hours
September 14, 2016	**Michael Creber**	
	• Review and discuss budget and cash requirements.	0.40 hours
September 14, 2016	**Jan Oros**	
	• Prepare budget vs actual variance report and send to lender, review emails from Ash and counsel.	1.00 hours
September 16, 2016	**Jan Oros**	
	• Review emails from Ash, call with RMS regarding potential purchase of the property.	0.25 hours
September 19, 2016	**Michael Creber**	
	• Review cash requirements; Remediation issues; Correspondence with property manager; File status update and planning; Sales process matters.	1.90 hours
September 19, 2016	**Jan Oros**	
	• Review updates from Ash, review and follow up with stocking horse bidders, respond to M. Creber query on funding needs, follow up with Pinchin on progress draw billing.	0.25 hours
September 21, 2016	**Michael Creber**	
	• File status update and discussion.	0.70 hours
September 21, 2016	**Jan Oros**	
	• Discuss file with M. Creber, call with lender, follow up call with stocking horse bidder.	0.50 hours
September 22, 2016	**Michael Creber**	
	• Banking matters; remediation issues.	0.40 hours

September 22, 2016	**Jan Oros**	
	• Update SRD and 246(2) notice for June 30, 2016, review emails from Pinchin, forward wire transfer request to Ash.	0.50 hours
September 22, 2016	**Rosa Wilford**	
	• Review emails instructions from J. Oros re: wire transfer; Draft letter to Bank; Complete cheque requisition forms, email correspondences to and from Bank for authorization of transfer, posting entries, email wire confirmation to J. Oros.	0.50 hours
September 23, 2016	**Michael Creber**	
	• Prepare for and attend conference call; Planning.	0.60 hours
September 23, 2016	**Jan Oros**	
	• Conference call with Ash and lenders to discuss site meeting and other matters.	1.25 hours
September 26, 2016	**Jan Oros**	
	• Call with Ash, review emails.	0.65 hours
September 27, 2016	**Michael Creber**	
	• Correspondence with counsel; File status update; Correspondence with secured creditor.	1.20 hours
September 27, 2016	**Jan Oros**	
	• Discuss call with lender and Ash with M. Creber, follow up with Ash on comments/concerns raised by M. Creber, review and respond to emails from lender, review emails from Ash on paving.	1.25 hours
September 28, 2016	**Michael Creber**	
	• Correspondence with legal counsel.	0.20 hours
September 28, 2016	**Jan Oros**	
	• Follow up call email with Ash, review emails from counsel.	0.25 hours
September 30, 2016	**Jan Oros**	
	• Review emails from Ash, call with Ash, prepare summary/update of funding request and send to M. Creber.	0.75 hours

Time Charges and Expenses

M . Creber, Sr. Vice President	8.20	hours @	$550.00	per hour	$ 4,510.00
J. Oros, Manager	9.20	hours @	$280.00	per hour	$ 2,576.00
R. Wilford, Manager	1.30	hours @	$235.00	per hour	$ 305.50
V. Naccarato, Analyst	0.20	hours @	$120.00	per hour	$ 24.00
	18.90				$ 7,415.50
5% Technology and Administration					$ 370.78
					$ 7,786.28
HST (13%)					$ 1,012.22
Total Due					**$ 8,798.50**

Grant Thornton

Court File No. CI-15-01-97928

THE QUEEN'S BENCH

IN THE MATTER OF THE APPOINTMENT OF A RECEIVER PURSUANT TO SECTION 243 OF THE BANKRUPTCY AND INSOLVENCY ACT R.S.C. 1985, c B-3 AS AMENDED

CAMERON STEPHENS FINANCIAL CORPORATION

Applicant

-and-

5448124 MANITOBA LTD.

Respondent

BILL OF COSTS

To professional services rendered as Court-Appointed Receiver for the period from October 1, 2016 to October 31, 2016.

Date	Description	Hours
October 3, 2016	**Jan Oros**	
	• Review info from Ash, update budget and funding request for review and comment from M.Creber before sending to client; Follow up emails with Ash.	1.50 hours
October 4, 2016	**Jan Oros**	
	• Review emails from Ash and lender; Send info to M.Creber to review and discuss.	0.75 hours
October 5, 2016	**Michael Creber**	
	• Review cash flow and funding requirements; Rectification and related matters; Planning.	1.90 hours
October 5, 2016	**Jan Oros**	
	• Update of budget; Discuss file with M.Creber; Forward details to lender and arrange for conference call.	1.00 hours

October 6, 2016	**Michael Creber**	
	• Prepare for and attend call; Correspondence; Planning.	0.90 hours
October 6, 2016	**Jan Oros**	
	• Follow up with potential purchaser; Conference call with lender and M.Creber; Prepare memo; Follow up with past appraiser for the property; Update budget figures.	1.00 hours
October 7, 2016	**Michael Creber**	
	• Review correspondence; Review appraisal.	0.90 hours
October 7, 2016	**Jan Oros**	
	• Review emails from Ash, forward info to Ash regarding certain work approved to proceed; Call with lender regarding funding requirements.	0.75 hours
October 7, 2016	**Rosa Wilford**	
	• Reconcile September bank statements.	0.10 hours
October 11, 2016	**Michael Creber**	
	• Appraisal matters.	0.10 hours
October 11, 2016	**Jan Oros**	
	• Review appendices received from appraiser; Follow up with Pinchin.	0.35 hours
October 12, 2016	**Jan Oros**	
	• Conference call with Ash to discuss approvals from lender; Review Ash reporting package for September 2016 and provide comments; Update September rent roll & budget to actual cashburn worksheets and send to lender; Review emails.	2.20 hours
October 12, 2016	**Rosa Wilford**	
	• Review banking reports and approve monthly estate balances.	0.10 hours
October 13, 2016	**Michael Creber**	
	• Review reporting; File status update; Planning; Correspondence.	0.80 hours

October 13, 2016	**Jan Oros**	
	• Review emails from Ash and lender and respond or comment on same; Review updated reporting from Ash and request further details.	0.50 hours
October 14, 2016	**Jan Oros**	
	• Review emails from Ash.	0.35 hours
October 18, 2016	**Jan Oros**	
	• Follow up with lender regarding advance; Review email from Ash; Follow up with potential stock horse bidder.	0.25 hours
October 18, 2016	**Rosa Wilford**	
	• Review email instructions from J. Oros; Correspondences with Bank, review print screens for incoming wires; Complete receipt requisition forms and post receipts and disbursements, respond to emails and general banking administration.	0.50 hours
October 19, 2016	**Rosa Wilford**	
	• Review email instructions from M. Creber re: payment of invoices; Complete cheque requisition forms, prepare and issue cheque, respond to email and general banking administration.	0.30 hours
October 20, 2016	**Jan Oros**	
	• Follow up with Ash on grading issue pricing.	0.25 hours
October 21, 2016	**Jan Oros**	
	• Review and respond to emails from Pinchin on mold remediation.	0.10 hours
October 21, 2016	**Rosa Wilford**	
	• General banking administration.	0.10 hours
October 27, 2016	**Jan Oros**	
	• Review email from lender.	0.10 hours
October 28, 2016	**Michael Creber**	
	• Correspondence and file status review.	0.40 hours

October 28, 2016 **Jan Oros**

- Follow up with Ash; Emails from Ash. 0.25 hours

Time Charges and Expenses

M. Creber, Sr. Vice President	5.00	hours @	$550.00	per hour	$ 2,750.00
J. Oros, Manager	9.35	hours @	$280.00	per hour	$ 2,618.00
R. Wilford, Manager	1.10	hours @	$235.00	per hour	$ 258.50
	15.45				$ 5,626.50
5% Technology and Administration					$ 281.33
					$ 5,907.83
HST (13%)					$ 768.02
Total Due					**$ 6,675.85**

Grant Thornton

Court File No. CI-15-01-97928

THE QUEEN'S BENCH

IN THE MATTER OF THE APPOINTMENT OF A RECEIVER PURSUANT TO SECTION 243 OF THE BANKRUPTCY AND INSOLVENCY ACT R.S.C. 1985, c B-3 AS AMENDED

CAMERON STEPHENS FINANCIAL CORPORATION

Applicant

-and-

5448124 MANITOBA LTD.

Respondent

BILL OF COSTS

To professional services rendered as Court-Appointed Receiver for the period from November 1, 2016 to November 30, 2016.

Date	Description	Hours
November 1, 2016	**Jan Oros**	
	• Review email from counsel.	0.10 hours
November 2, 2016	**Michael Creber**	
	• Correspondence legal and discussion re same.	0.30 hours
November 2, 2016	**Jan Oros**	
	• Respond to email from counsel; Discuss loan agreement with M. Creber.	0.20 hours
November 3, 2016	**Jan Oros**	
	• Email to Ash regarding October reporting.	0.10 hours
November 9, 2016	**Michael Creber**	
	• Correspondence review and file statue update; Loan amendment review; Discussion and correspondence.	0.70 hours

November 9, 2016	**Jan Oros**	
	• Update October rent roll; Review reporting; Update monthly budget to actual comparison tracker.	2.00 hours
November 10, 2016	**Michael Creber**	
	• Loan agreement matters.	0.10 hours
November 10, 2016	**Jan Oros**	
	• Review updated report from Ash; Call with Ash; Email to lender with updated reporting.	1.00 hours
November 10, 2016	**Rosa Wilford**	
	• Review estate bank account and reconcile October 2016 statement.	0.10 hours
November 11, 2016	**Michael Creber**	
	• Review reporting; planning.	0.60 hours
November 11, 2016	**Rosa Wilford**	
	• Review banking reports and approve monthly estate balances.	0.10 hours
November 14, 2016	**Rosa Wilford**	
	• Review instructions from M. Creber re: payment of invoices; Complete cheque requisition forms, prepare and issue cheque and general banking administration.	0.30 hours
November 18, 2016	**Jan Oros**	
	• Email to Ash regarding funding and expenses to be paid.	0.25 hours
November 21, 2016	**Jan Oros**	
	• Request and forward to R.Wilford details for funding request to Ash Mgmt.	0.15 hours
November 21, 2016	**Rosa Wilford**	
	• Review email instructions from J. Oros re wire transfer, draft letter to Bank; Complete cheque requisition forms, email correspondences to and from Bank for authorization of transfer, posting entries, email wire confirmation to J. Oros, and general banking administration.	0.50 hours
November 23, 2016	**Michael Creber**	

- Correspondence and file status update. 0.20 hours

November 25, 2016 **Jan Oros**

- Review emails from Ash. 0.10 hours

Time Charges and Expenses

M. Creber, Sr. Vice President	1.90	hours @	$550.00	per hour	$	1,045.00
J. Oros, Manager	3.90	hours @	$280.00	per hour	$	1,092.00
R. Wilford, Manager	1.00	hours @	$235.00	per hour	$	235.00
	6.80				$	2,372.00
5% Technology and Administration					$	118.60
					$	2,490.60
HST (13%)					$	323.78
Total Due					**$**	**2,814.38**

Grant Thornton

Court File No. CI-15-01-97928

THE QUEEN'S BENCH

IN THE MATTER OF THE APPOINTMENT OF A RECEIVER PURSUANT TO SECTION 243 OF THE BANKRUPTCY AND INSOLVENCY ACT R.S.C. 1985, c B-3 AS AMENDED

CAMERON STEPHENS FINANCIAL CORPORATION

Applicant

-and-

5448124 MANITOBA LTD.

Respondent

BILL OF COSTS

To professional services rendered as Court-Appointed Receiver for the period from December 1, 2016 to December 31, 2016.

Date	Description	Hours
December 7, 2016	**Michael Creber**	
	• Correspond with legal.	0.20 hours
December 9, 2016	**Jan Oros**	
	• Review emails from counsel and provide update on status of repairs and lease up.	0.50 hours
December 12, 2016	**Jan Oros**	
	• Review November update and provide feedback.	0.25 hours
December 13, 2016	**Michael Creber**	
	• Loan agreement matter.	0.10 hours

December 13, 2016	**Jan Oros**	
	• Review draft November reporting provided by Ash, conference call with Ash to discuss reporting and operational issues, banking and funding requirements.	1.50 hours
December 14, 2016	**Rosa Wilford**	
	• Review estate bank account and reconcile November 2016 statement.	0.10 hours
December 15, 2016	**Rosa Wilford**	
	• Review banking reports and approve monthly estate balances.	0.10 hours
December 16, 2016	**Jan Oros**	
	• Review Ash's revised November reporting, update rent roll for November to provide to client, update Cashburn – Budget to Actual schedule, prepare funding request to send to Ash, send reporting to client.	2.25 hours
December 18, 2016	**Michael Creber**	
	• Review reports and planning.	0.90 hours
December 19, 2016	**Michael Creber**	
	• Banking matter; Reporting matters; Correspondence.	0.60 hours
December 19, 2016	**Jan Oros**	
	• Review emails.	0.15 hours
December 19, 2016	**Rosa Wilford**	
	• Review multiple email instructions re: wire transfer, draft letter to Bank; Complete cheque requisition forms, email correspondences to/from Bank for authorization of transfer, posting entries, email wire confirmation to J. Oros; Payment of invoices; Prepare and issue cheque and general banking administration.	0.60 hours
December 21, 2016	**Rosa Wilford**	
	• General banking administration.	0.20 hours

December 22, 2016 **Michael Creber**

- Correspond with legal re: loan agreement. 0.10 hours

Time Charges and Expenses

M . Creber, Sr. Vice President	1.90	hours @	$550.00	per hour	$	1,045.00
J. Oros, Manager	4.65	hours @	$280.00	per hour	$	1,302.00
R. Wilford, Manager	1.00	hours @	$235.00	per hour	$	235.00
	7.55				$	2,582.00
5% Technology and Administration					$	129.10
					$	2,711.10
HST (13%)					$	352.44
Total Due					**$**	**3,063.54**

Grant Thornton

Court File No. CI-15-01-97928

THE QUEEN'S BENCH

IN THE MATTER OF THE APPOINTMENT OF A RECEIVER PURSUANT TO SECTION 243 OF THE BANKRUPTCY AND INSOLVENCY ACT R.S.C. 1985, c B-3 AS AMENDED

CAMERON STEPHENS FINANCIAL CORPORATION

Applicant

-and-

5448124 MANITOBA LTD.

Respondent

BILL OF COSTS

To professional services rendered as Court-Appointed Receiver for the period from January 1, 2017 to January 31, 2017.

Date	Description	Hours
January 3, 2017	**Michael Creber**	
	• File status update.	0.20 hours
January 6, 2017	**Rosa Wilford**	
	• Reconcile December 2016 statement.	0.10 hours
January 9, 2017	**Jan Oros**	
	• Review email from counsel; Request payment for counsels billing.	0.10 hours

January 10, 2017	<u>**Rosa Wilford**</u>	
	• Review email instructions from J. Oros re: payment of invoices; Complete cheque requisition forms, prepare and issue cheque, respond to email and general banking administration; Review banking reports and approve monthly estate balances.	0.30 hours
January 12, 2017	<u>**Rosa Wilford**</u>	
	• General banking administration.	0.50 hours
January 16, 2017	<u>**Michael Creber**</u>	
	• Review reporting and related correspondence.	0.60 hours
January 16, 2017	<u>**Jan Oros**</u>	
	• Review Ash reporting; Update December rent roll; Update December budget vs actual tracking worksheet; Send reports to client; Review and respond to client emails.	1.75 hours
January 16, 2017	<u>**Valerie Naccarato**</u>	
	• Complete cheque requisition form, prepare and issue cheque and general banking administration.	0.25 hours
January 17 2017	<u>**Michael Creber**</u>	
	• Correspondence secured creditor.	0.20 hours
January 17, 2017	<u>**Jan Oros**</u>	
	• Review and respond to emails with the debtor.	0.25 hours
January 18, 2017	<u>**Jan Oros**</u>	
	• Call with Ash to discuss zoning issues and to request them to seek information on next steps for extension; Transfer or renewed application.	0.50 hours
January 20, 2017	<u>**Michael Creber**</u>	
	• Correspondence.	0.20 hours
January 20, 2017	<u>**Jan Oros**</u>	
	• Emails with counsel, Ash and CS regarding access for lender's appraiser for the week following.	0.25 hours

January 27, 2017	**Jan Oros**		
	• Call with Ash; Review email with photos from Ash, forward photos and email to Pinchin to review and provide comments.	0.30 hours	
January 30, 2017	**Michael Creber**		
	• Legal correspondence.	0.20 hours	
January 30, 2017	**Jan Oros**		
	• Review and respond to email from counsel; Forward list of questions from appraiser to Ash to review and provide responses.	0.10 hours	

Time Charges and Expenses

M . Creber, Sr. Vice President	1.40	hours @	$575.00	per hour	$	805.00
J.Oros, Manager	3.25	hours @	$285.00	per hour	$	926.25
R. Wilford, Manager	0.90	hours @	$250.00	per hour	$	225.00
V. Naccarato, Analyst	0.25	hours @	$120.00	per hour	$	30.00
	5.80				$	1,986.25
5% Technology and Administration					$	99.31
					$	2,085.56
HST (13%)					$	271.12
Total Due					**$**	**2,356.68**

Grant Thornton

Court File No. CI-15-01-97928

THE QUEEN'S BENCH

IN THE MATTER OF THE APPOINTMENT OF A RECEIVER PURSUANT TO SECTION 243 OF THE BANKRUPTCY AND INSOLVENCY ACT R.S.C. 1985, c B-3 AS AMENDED

CAMERON STEPHENS FINANCIAL CORPORATION

Applicant

-and-

5448124 MANITOBA LTD.

Respondent

BILL OF COSTS

To professional services rendered as Court-Appointed Receiver for the period from February 1, 2017 to February 28, 2017.

Date	Description	Hours
February 1, 2017	**Michael Creber**	
	• Correspondence.	0.10 hours
February 1, 2017	**Jan Oros**	
	• Call with Pinchin to discuss issues with basement mold growth re occurring, update Ash with call from Pinchin.	0.20 hours
February 2, 2017	**Michael Creber**	
	• Discussion with legal; Planning.	0.30 hours
February 2, 2017	**Jan Oros**	
	• Call with counsel and M. Creber for updated 6 month court report, emails with Ash.	0.20 hours

February 3, 2017	<u>Rosa Wilford</u>	
	• Review internal instructions from team re: payment of invoices; Prepare cheque and post entries and general banking administration.	0.25 hours
February 7, 2017	<u>Michael Creber</u>	
	• Correspondence.	0.10 hours
February 7, 2017	<u>Jan Oros</u>	
	• Send counsel info from Ash for appraiser, call with Ash.	0.20 hours
February 8, 2017	<u>Jan Oros</u>	
	• Review email from Pinchin and send follow up questions.	0.15 hours
February 8, 2017	<u>Rosa Wilford</u>	
	• Reconcile January 2017 bank statements.	0.20 hours
February 9, 2017	<u>Michael Creber</u>	
	• File status update; Correspondence; Planning.	0.20 hours
February 10, 2017	<u>Michael Creber</u>	
	• File status update; Correspondence; Planning.	0.20 hours
February 10, 2017	<u>Jan Oros</u>	
	• Call with M. Creber, review Ash 2017 budget.	0.15 hours
February 13, 2017	<u>Rosa Wilford</u>	
	• Review and approve January estate balances.	0.10 hours
February 14, 2017	<u>Michael Creber</u>	
	• Correspondence.	0.10 hours
February 14, 2017	<u>Jan Oros</u>	
	• Draft receiver's 4th court report.	3.00 hours
February 15, 2017	<u>Michael Creber</u>	
	• Correspondence.	0.10 hours

February 16, 2017	**Jan Oros**		
	•	Review monthly reporting and prepare rent roll report, follow up with Pinchin.	1.50 hours
February 17, 2017	**Michael Creber**		
	•	Review reporting; File status update; Planning; Correspondence.	0.60 hours
February 17, 2017	**Jan Oros**		
	•	Review Ash monthly reporting for January and prepare cash flow budget vs actual comparison and send to lender.	1.50 hours
February 20, 2017	**Jan Oros**		
	•	Drafting of 4th report of the receiver.	3.75 hours
February 21, 2017	**Michael Creber**		
	•	Correspondence and file status update; Review fee quote.	0.40 hours
February 21, 2017	**Jan Oros**		
	•	Review email from Ash on zoning matter, review & respond to email from lender, finalize drafting of the receiver's 4th report.	2.00 hours
February 22, 2017	**Michael Creber**		
	•	Correspondence.	0.10 hours
February 22, 2017	**Jan Oros**		
	•	Finalize 1st draft of the 4th report of the receiver, send to M. Creber for review.	1.50 hours
February 27, 2017	**Jan Oros**		
	•	Follow up with lender regarding call with Pinchin, follow up with Pinchin, review Pinchin quote on air moves.	0.20 hours

<u>**Time Charges and Expenses**</u>

M . Creber, Sr. Vice President	2.20	hours @	$575.00	per hour	$	1,265.00
J.Oros, Manager	14.35	hours @	$285.00	per hour	$	4,089.75
R. Wilford, Manager	0.55	hours @	$250.00	per hour	$	137.50
	17.10				$	5,492.25
5% Technology and Administration					$	274.61
					$	5,766.86
HST (13%)					$	749.69
Total Due					**$**	**6,516.55**

Exhibit "**B**" to the Affidavit of Michael G. Creber, sworn before me this 16th day of March, 2017.

Commissioner for Taking Affidavits, etc.

Jonathan David Krieger,
a Commissioner, etc., Province of Ontario,
for Grant Thornton Limited.
Expires January 03, 2020.

5448124 Manitoba Ltd.
Summary of Fees of the Receiver
For the period from August 1, 2016 to February 28, 2017

Period	Fees	Disbursements	Subtotal	HST	Total
August 1-31, 2016	$ 19,478.03	-	19,478.03	2,532.14	$ 22,010.17
September 1-30, 2016	$ 7,786.28	-	7,786.28	1,012.22	$ 8,798.50
October 1-31, 2016	$ 5,907.83	-	5,907.83	768.02	$ 6,675.85
November 1-30, 2016	$ 2,490.60	-	2,490.60	323.78	$ 2,814.38
December 1-31, 2016	$ 2,711.10	-	2,711.10	352.44	$ 3,063.54
January 1-31, 2017	$ 2,085.56	-	2,085.56	271.12	$ 2,356.68
February 1-28, 2017	$ 5,766.86	-	5,766.86	749.69	$ 6,516.55
	$ 46,226.26	$ -	$ 46,226.26	$ 6,009.41	$ 52,235.67

Average Hourly Rate is $378.22

CAMERON STEPHENS FINANCIAL CORPORATION and **5448124 MANITOBA LTD.**

Applicant Respondent

Court File No.: CI-15-01-97928

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at **Toronto**

AFFIDAVIT OF MICHAEL G. CREBER

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Winnipeg, MB R3C 4K5

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Lawyers for the Court-appointed Receiver and Manager

APPENDIX 14

Taylor McCaffrey LLP
Barristers & Solicitors

900-400 St. Mary Avenue
Winnipeg MB Canada, R3C 4K5
Telephone 1-204-949-1312
Fax 1-204-957-0945
Website: www.tmlawyers.com

Grant Thornton LLP
1100 - 200 King Street West
Box 11
Toronto, Ontario
Canada M5H 3T4

Attention: Michael Creber

DATE: AUGUST 25, 2016

CLIENT/MATTER NO.: 98665 - 1

RESP. LAWYER: DJACKSON

INVOICE NO.: 533211

121712376

Re: Collections - 5448124 Manitoba Ltd. et al

FEES (GST & PST)

28/07/16	FLEMING	Reviewing e-mails, confer with S. Gabor, consider amending agreement, message to JJ. Burnell	0.30	325.00	97.50
31/07/16	SGABOR	Meeting with D Jackson	0.20	195.00	39.00
02/08/16	JACKSON	Reviewing Appraisal	0.20	450.00	90.00
02/08/16	JACKSON	Correspondence from Colliers - original appraisal	0.10	450.00	45.00
02/08/16	JACKSON	Correspondence to Jan Oros	0.10	450.00	45.00
02/08/16	JACKSON	Meeting with Sam Gabor	0.20	450.00	90.00
03/08/16	FLEMING	Reviewing agreements, consider terms of amending agreement, work on file	0.40	325.00	130.00
03/08/16	SGABOR	Reviewing and revising third report of Receiver; meeting with D Jackson; emails to J Oros; prepare notice of motion; perpare Order; prepare appendices for report	7.00	195.00	1,365.00
03/08/16	JACKSON	Correspondence from Jan Oros	0.10	450.00	45.00
03/08/16	JACKSON	Review & revise draft 3rd report	1.30	450.00	585.00
03/08/16	JACKSON	Meeting with Sam and discuss revisions to 3rd report	0.80	450.00	360.00
03/08/16	JACKSON	Correspondence from Jan Oros	0.10	450.00	45.00
03/08/16	JACKSON	Reviewing Sam's black line changes to 3rd report	0.20	450.00	90.00
04/08/16	FLEMING	Reviewing loan issues, confer with D. Jackson, confer with and e-mails to and from S. Gabor, call with Jan, prepare, review and revise Loan Agreement	2.20	325.00	715.00
04/08/16	SGABOR	Prepare redacted version of appendix; phone call with D Jackson; call with M Creber; call and email to JJ Burnell; revise notice of motion; phone calls with D Jackson; email draft notice of motion; email service list to JJ Burnell; reviewing amended loan agreement; revising notice of motion	1.70	195.00	331.50

TERMS: DUE UPON RECEIPT: Interest on accounts over 30 days will be charged at the interest rate prescribed from time to time by section 161 of the Income Tax Act (Canada).

E & O.E.

04/08/16	SGABOR	Telephone calls with J Fleming	0.20	195.00	39.00
04/08/16	JACKSON	Telephone from Jack Fleming	0.10	450.00	45.00
04/08/16	JACKSON	Meeting with Jack Fleming	0.10	450.00	45.00
04/08/16	JACKSON	Reviewing draft notice of motion & draft order	0.30	450.00	135.00
04/08/16	JACKSON	Telephone from Sam Gabor - revisions to notice of motion & order - conference in Michael Creber	0.40	450.00	180.00
04/08/16	JACKSON	Telephone to Sam Gabor - confidential appendices	0.10	450.00	45.00
04/08/16	JACKSON	Reviewing revisons to notice of motion & draft order & discuss with Sam Gabor	0.20	450.00	90.00
04/08/16	JACKSON	Reviewing revised notice of motion for circulation	0.20	450.00	90.00
04/08/16	JACKSON	Reviewing draft amending agreement & provide comments to Jack Fleming	0.20	450.00	90.00
05/08/16	FLEMING	Reviewing file and e-mails, confer with S. Gabor, message to M. Reimer, e-mail to JJ. Burnell and M. Reimer, revise Loan Amending Agreement	2.30	325.00	747.50
05/08/16	SGABOR	Reviewing loan agrement; call with J Oros, M Creber; emails and phone calls with J Flemming; phone calls with D Jackson; revise Notice of Motion	1.20	195.00	234.00
05/08/16	SGABOR	E-Mails with D Jackson, J Fleming	0.20	195.00	39.00
05/08/16	JACKSON	Reviewing S Gabor, Jan Oros & JJ Burnell emails	0.30	450.00	135.00
05/08/16	JACKSON	Correspondence from JJ Burnell	0.10	450.00	45.00
05/08/16	JACKSON	Correspondence from Michael Creber	0.10	450.00	45.00
05/08/16	JACKSON	Correspondence to Michael Creber	0.10	450.00	45.00
05/08/16	JACKSON	Correspondence from Michael Creber	0.10	450.00	45.00
05/08/16	JACKSON	Telephone to Sam Gabor	0.10	450.00	45.00
05/08/16	JACKSON	Review & respond to Jack Fleming & Sam Gabor	0.20	450.00	90.00
05/08/16	JACKSON	Telephone to Jack Fleming	0.10	450.00	45.00
05/08/16	JACKSON	Draft instructions to Sam Gabor - redaction	0.10	450.00	45.00
08/08/16	FLEMING	Reviewing and revise amending agreement, confer with S. Gabor, review e-mails, e-mail to JJ Burnell and M. Reimer, e-mails with J. Oros, call with	1.30	325.00	422.50
08/08/16	JACKSON	Review & respond to Jack Fleming	0.10	450.00	45.00
08/08/16	JACKSON	Review & respond to Jack Fleming	0.10	450.00	45.00
08/08/16	JACKSON	Correspondence from Jan Oros	0.10	450.00	45.00
08/08/16	JACKSON	Correspondence from Michael Creber	0.10	450.00	45.00
08/08/16	JACKSON	Attendance at conference call with Jack Fleming & JJ Burnell re:loan agreement	0.20	450.00	90.00
08/08/16	JACKSON	Telephone from JJ Burnell	0.10	450.00	45.00
08/08/16	JACKSON	Telephone to Jack Fleming	0.10	450.00	45.00
08/08/16	JACKSON	Telephone from Jack Fleming	0.10	450.00	45.00
08/08/16	JACKSON	Correspondence from JJ Burnell	0.10	450.00	45.00
08/08/16	JACKSON	Review & respond to Jack Fleming re: dating of agreement	0.10	450.00	45.00

TERMS: DUE UPON RECEIPT: Interest on accounts over 30 days will be charged at the interest rate prescribed from time to time by section 161 of the Income Tax Act (Canada).

E & O.E

09/08/16	FLEMING	E-Mails to and from and call with S. Gabor, e-mails to and from D. Jackson, work on file	0.70	325.00	227.50
09/08/16	SGABOR	Telephone call with J Flemming; email to JJ Burnell; emails with D Jackson; emails to K Kazuk; preparing materials for filing with the Court; emails with team; email to K Kazuk, re inclusion of service list to notice of motion	1.90	195.00	370.50
09/08/16	JACKSON	Correspondence from JJ Burnell	0.10	450.00	45.00
09/08/16	JACKSON	Draft instructions to Jack Fleming	0.10	450.00	45.00
09/08/16	JACKSON	Telephone from Sam Gabor - redaction issues	0.20	450.00	90.00
09/08/16	JACKSON	Reviewing JJ Burnell/Sam Gabor comments re:redacted schedules	0.10	450.00	45.00
09/08/16	JACKSON	Review & respond to Keri re:appendices	0.10	450.00	45.00
09/08/16	JACKSON	Correspondence to Rob at Colliers	0.10	450.00	45.00
09/08/16	JACKSON	Correspondence from Jan Oros	0.10	450.00	45.00
09/08/16	JACKSON	Correspondence from Rob Preteau at Colliers	0.10	450.00	45.00
10/08/16	SGABOR	Prepare materials for service and filing	1.00	195.00	195.00
10/08/16	JACKSON	Review & respond to Sam Gabor	0.10	450.00	45.00
10/08/16	JACKSON	Telephone to Sam Gabor - materials/service	0.10	450.00	45.00
11/08/16	SGABOR	Telephone call to R Knight; call to Crown prosecutor, re By-law infraction	0.20	195.00	39.00
11/08/16	JACKSON	Correspondence from Sandra Prairie at QB	0.10	450.00	45.00
11/08/16	JACKSON	Correspondence from Michael Creber	0.10	450.00	45.00
11/08/16	JACKSON	Correspondence from Denyse Cote	0.10	450.00	45.00
12/08/16	SGABOR	Prepare for meeting with D Jackson and M Creber; meeting with D Jackson and M Creber	0.50	195.00	97.50
12/08/16	JACKSON	Meeting with Sam Gabor - review redacted recast budget - call Michael Creber	0.40	450.00	180.00
14/08/16	SGABOR	Prepare for motion sitting	1.50	195.00	292.50
15/08/16	SGABOR	Prepare affidavit of service and uploaded affidavit into Court SharePoint system	0.30	195.00	58.50
15/08/16	SGABOR	Prepare for Court appearance; research on sealing order law; meeting with D Jackson	2.40	195.00	468.00
15/08/16	JACKSON	Review & respond to Sam Gabor	0.10	450.00	45.00
15/08/16	JACKSON	Reviewing court materials	1.50	450.00	675.00
15/08/16	JACKSON	Meeting with Sam Gabor - preparation fro court appearance	0.50	450.00	225.00
16/08/16	SGABOR	Prepare materials for court appearance; prepare for court appearance; attendance at court; email to J Dewar; email to service list; email to J Oros	2.20	195.00	429.00

16/08/16	SGABOR	E-Mail to J Oros, re by-law infraction matter	0.60	195.00	117.00
16/08/16	JACKSON	Prepare for court	0.80	450.00	360.00
16/08/16	JACKSON	Attend at court	0.50	450.00	225.00
16/08/16	JACKSON	Review draft order & respond to Sam Gabor	0.10	450.00	45.00
17/08/16	JACKSON	Reviewing revisions to Order	0.10	450.00	45.00
17/08/16	JACKSON	Correspondence from Jan Oros - garbage fine	0.10	450.00	45.00
18/08/16	SGABOR	E-Mail from court; email to service list with Dewar Order	0.10	195.00	19.50
19/08/16	SGABOR	Reviewing City of Winnipeg Charter Act; email to J Oros; email to J Oros	0.30	195.00	58.50
19/08/16	JACKSON	Review Sam's recommendation re:municipal fines	0.10	450.00	45.00
24/08/16	SGABOR	Telephone call to Crown Prosecutor on bylaw infraction matter (x2); email to J Oros with land titles searches; call with City of Winnipeg Crown's office; call with J Oros; email to City Prosecutor	0.90	195.00	175.50

TOTAL FEES (GST & PST) 12,378.00

D.R.M. Jackson 12.6 hrs. x $450.00/hr. = $5,670.00
J. Fleming 7.2 hrs. x $325.00/hr. = $2,340.00
S. Gabor 22.4 hrs. x $195.00/hr. = $4,368.00

TOTAL FEES	$12,378.00
Plus 5 % GST	618.90
Plus 8 % PST	990.24

ALLOCATED EXPENSES & DISBURSEMENTS (GST Only)

Reproduction Charges	164.70
Personal Property Search	9.00
Phone/Fax	36.23

Total Expenses & Disbursements	$209.93
Plus 5% GST	10.50

BALANCE DUE OUR OFFICE	**$14,207.57**

DJAC/lb

TERMS: DUE UPON RECEIPT: Interest on accounts over 30 days will be charged at the interest rate prescribed from time to time by section 161 of the Income Tax Act (Canada).

E & O.E

Taylor McCaffrey LLP
Barristers & Solicitors

900-400 St. Mary Avenue
Winnipeg MB Canada, R3C 4K5
Telephone 1-204-949-1312
Fax 1-204-957-0945
Website: www.tmlawyers.com

Grant Thornton LLP
1100 - 200 King Street West
Box 11
Toronto, Ontario
Canada M5H 3T4

Attention: Michael Creber

DATE: JANUARY 9, 2017

CLIENT/MATTER NO.: 98665 - 1

RESP. LAWYER: DJACKSON

INVOICE NO.: 541931

121712376

Re: Collections - 5448124 Manitoba Ltd. et al

FEES (GST & PST)

25/08/16	SGABOR	E-Mail from and to City Prosecutor	0.10	195.00	19.50
26/08/16	SGABOR	E-Mails with City of Winnipeg Solicitor, re garbage collection summons	0.30	195.00	58.50
29/08/16	SGABOR	E-Mail from and to J Oros	0.10	195.00	19.50
29/08/16	JACKSON	Reviewing by law infraction communications	0.10	450.00	45.00
29/08/16	JACKSON	Correspondence from Jan Oros	0.10	450.00	45.00
29/08/16	JACKSON	Reviewing Sam Gabor update on by-law infraction	0.10	450.00	45.00
29/08/16	JACKSON	Telephone to Sam Gabor	0.10	450.00	45.00
29/08/16	JACKSON	Correspondence to Jan Oros	0.10	450.00	45.00
30/08/16	JACKSON	Correspondence from JJ Burnell	0.10	450.00	45.00
30/08/16	JACKSON	Correspondence from Jan Oros	0.10	450.00	45.00
30/08/16	JACKSON	Correspondence to JJ Burnell	0.10	450.00	45.00
06/09/16	JACKSON	Correspondence from JJ Burnell	0.10	450.00	45.00
07/09/16	SGABOR	Reviewing email from City prosecutor; email to City prosecutor; prep for hearing tomorrow	0.20	195.00	39.00
07/09/16	JACKSON	Correspondence from Jan Oros	0.10	450.00	45.00
07/09/16	JACKSON	Correspondence to JJ Burnell	0.10	450.00	45.00
08/09/16	SGABOR	Attendance at by-law infraction hearing; email to J Oros, re waiver of costs	1.10	195.00	214.50
08/09/16	JACKSON	Correspondence from JJ Burnell	0.10	450.00	45.00
08/09/16	JACKSON	Reviewing Sam's report on By-law infraction	0.10	450.00	45.00
08/09/16	JACKSON	Correspondence from Jan Oros	0.10	450.00	45.00
08/09/16	JACKSON	Correspondence to JJ Burnell - authorization	0.10	450.00	45.00
26/09/16	JACKSON	Telephone from JJ Burnell	0.20	450.00	90.00
27/09/16	JACKSON	Correspondence to Jan Oros - CSFC's appraisal inquiry	0.20	450.00	90.00
27/09/16	JACKSON	Correspondence from Jan Oros	0.10	450.00	45.00
28/09/16	JACKSON	Correspondence to Jan Oros - Stevenson report	0.10	450.00	45.00
05/10/16	JACKSON	Correspondence from Jan Oros	0.10	450.00	45.00
20/10/16	JACKSON	Correspondence from Jan Oros	0.10	450.00	45.00

TERMS: DUE UPON RECEIPT: Interest on accounts over 30 days will be charged at the interest rate prescribed from time to time by section 161 of the Income Tax Act (Canada).

E & O.E.

20/10/16	JACKSON	Reviewing Stevenson 2013 Prospective Appraisal	0.30	450.00	135.00
20/10/16	JACKSON	Reviewing Receiver's duties/order re:document disclosure	0.20	450.00	90.00
20/10/16	JACKSON	Correspondence to Jan Oros	0.10	450.00	45.00
20/10/16	JACKSON	Telephone to JJ Burnell	0.20	450.00	90.00
31/10/16	JACKSON	Correspondence from JJ Burnell	0.10	450.00	45.00
01/11/16	JACKSON	Reviewing loan agreement	0.10	450.00	45.00
01/11/16	JACKSON	Correspondence to JJ Burnell	0.10	450.00	45.00
01/11/16	JACKSON	Correspondence to Michael Creber	0.10	450.00	45.00
02/11/16	JACKSON	Correspondence from JJ Burnell	0.10	450.00	45.00
02/11/16	JACKSON	Correspondence to JJ Burnell	0.10	450.00	45.00
02/11/16	JACKSON	Draft instructions to Jack Fleming re:loan extension	0.10	450.00	45.00
02/11/16	JACKSON	Correspondence from Jan Oros	0.10	450.00	45.00
02/11/16	JACKSON	Correspondence to Jan Oros	0.10	450.00	45.00
02/11/16	JACKSON	Draft instructions to Jack Fleming	0.10	450.00	45.00
02/11/16	JACKSON	Correspondence to JJ Burnell	0.10	450.00	45.00
06/11/16	FLEMING	Reviewing	0.60	325.00	195.00
07/11/16	FLEMING	Reviewing with D. Jackson	0.20	325.00	65.00
07/11/16	JACKSON	Meeting with Jack Fleming - discuss renewal	0.10	450.00	45.00
09/11/16	FLEMING	Reviewing and revise second loan amending agreement, e-mails, call with Jan	0.60	325.00	195.00
09/11/16	JACKSON	Review draft loan renewal agreement & respond to Jack Fleming	0.20	450.00	90.00
09/11/16	JACKSON	Reviewing suggested revision to the Renewal Agreement	0.10	450.00	45.00
10/11/16	JACKSON	Reviewing comments from Michael Creber & instructions to Jack Fleming	0.10	450.00	45.00
10/11/16	JACKSON	Telephone from Jack Fleming	0.10	450.00	45.00
15/11/16	JACKSON	Reviewing revised loan renewal	0.10	450.00	45.00
01/12/16	JACKSON	Draft email to Jack Fleming	0.10	450.00	45.00
07/12/16	JACKSON	Correspondence from JJ Burnell	0.10	450.00	45.00
07/12/16	JACKSON	Correspondence to Michael Creber	0.10	450.00	45.00
07/12/16	JACKSON	Correspondence from Michael Creber	0.10	450.00	45.00
07/12/16	JACKSON	Correspondence to Michael Creber	0.10	450.00	45.00
07/12/16	JACKSON	Correspondence from Michael Creber	0.10	450.00	45.00
09/12/16	JACKSON	Correspondence from Jan Oros	0.10	450.00	45.00
09/12/16	JACKSON	Meeting with Jack Fleming	0.10	450.00	45.00
13/12/16	JACKSON	Correspondence from Michael Creber	0.10	450.00	45.00
14/12/16	JACKSON	Reviewing Jack Fleming report	0.10	450.00	45.00
23/12/16	JACKSON	Correspondence from JJ Burnell	0.10	450.00	45.00
23/12/16	JACKSON	Correspondence to Michael Creber - signed 2nd renewal agreement	0.10	450.00	45.00

TOTAL FEES (GST & PST) 3,551.00

D.R.M. Jackson 6.1 hrs. x $450.00/hr. = $2,745.00
J. Fleming 1.4 hrs.x $325.00/hr. = $455.00
S. Gabor 1.8 hrs. x $195.00/hr. = $351.00

TOTAL FEES $3,551.00

TERMS: DUE UPON RECEIPT: Interest on accounts over 30 days will be charged at the interest rate prescribed from time to time by section 161 of the Income Tax Act (Canada).

E & O.E

Plus 5 % GST		177.55
Plus 8 % PST		284.08

ALLOCATED EXPENSES & DISBURSEMENTS (GST Only)

Documents/Titles Online	63.00	
Electronic Research Access Fee	144.00	
Reproduction Charges	42.00	
Phone/Fax	1.81	
Postage	0.80	

DISBURSEMENTS INCURRED AS AGENT(Non-taxable)

Government/Court Registration, Filing Re: Notice of Motion	100.00	
Pay Account Re: conference calls issued to Bell Conferencing Inc.	21.04	
Total Expenses & Disbursements		$372.65
Plus 5% GST		12.58
BALANCE DUE OUR OFFICE		**$4,397.86**

DJAC/lb

TERMS: DUE UPON RECEIPT: Interest on accounts over 30 days will be charged at the interest rate prescribed from time to time by section 161 of the Income Tax Act (Canada).

E & O.E

Taylor McCaffrey LLP
Barristers & Solicitors

900-400 St. Mary Avenue
Winnipeg MB Canada, R3C 4K5
Telephone 1-204-949-1312
Fax 1-204-957-0945
Website: www.tmlawyers.com

Grant Thornton LLP
1100 - 200 King Street West
Box 11
Toronto, Ontario
Canada M5H 3T4

Attention: Michael Creber

DATE: MARCH 14, 2017

CLIENT/MATTER NO.: 98665 - 1

RESP. LAWYER: DJACKSON

INVOICE NO.: 546015

121712376

Re: Collections - 5448124 Manitoba Ltd. et al

FEES (GST & PST)

23/12/16	FLEMING	E-Mails to and from JJ. Burnell	0.10	325.00	32.50
20/01/17	JACKSON	Telephone from JJ Burnell & John Martens	0.10	450.00	45.00
20/01/17	JACKSON	Correspondence from John Martens	0.10	450.00	45.00
20/01/17	JACKSON	Correspondence to Jan Oros	0.10	450.00	45.00
20/01/17	JACKSON	Correspondence to John Martens	0.10	450.00	45.00
20/01/17	JACKSON	Review & respond to John Martens	0.10	450.00	45.00
20/01/17	JACKSON	Reviewing emails re:lenders appraisers access	0.10	450.00	45.00
30/01/17	JACKSON	Correspondence from JJ Burnell	0.10	450.00	45.00
30/01/17	JACKSON	Correspondence to Jan Oros	0.10	450.00	45.00
30/01/17	JACKSON	Correspondence from Jan Oros	0.10	450.00	45.00
31/01/17	JACKSON	Correspondence to JJ Burnell	0.10	450.00	45.00
02/02/17	JACKSON	Attendance at conference call with Jan Oros & Michael Creber	0.20	450.00	90.00
02/02/17	JACKSON	Draft file memo	0.10	450.00	45.00
07/02/17	JACKSON	Correspondence fron Jan Oros	0.10	450.00	45.00
07/02/17	JACKSON	Correspondence to Jan Oros	0.10	450.00	45.00
15/02/17	JACKSON	Review & direction	0.10	450.00	45.00
21/02/17	JACKSON	Reviewing Ash response re:appraisal inquiry	0.20	450.00	90.00
21/02/17	JACKSON	Correspondence to JJ Burnell	0.10	450.00	45.00
21/02/17	JACKSON	Correspondence from JJ Burnell	0.10	450.00	45.00

TOTAL FEES (GST & PST) 932.50

D.R.M. Jackson 2 hrs. x $900.00

J. Fleming . 1 hr. x $325.00/hr. = $32.50

TOTAL FEES	$932.50
Plus 5 % GST	46.63
Plus 8 % PST	74.60

ALLOCATED EXPENSES & DISBURSEMENTS (GST Only)

Reproduction Charges	0.90
Postage	0.82

TERMS: DUE UPON RECEIPT: Interest on accounts over 30 days will be charged at the interest rate prescribed from time to time by section 161 of the Income Tax Act (Canada).

E & O.E.

DISBURSEMENTS INCURRED AS AGENT(Non-taxable)

Pay Account Re: Conference Calls issued to Bell Conferencing Inc.	14.58	
Total Expenses & Disbursements		$16.30
Plus 5% GST		0.09
BALANCE DUE OUR OFFICE		**$1,070.12**

DJAC/lb

TERMS: DUE UPON RECEIPT: Interest on accounts over 30 days will be charged at the interest rate prescribed from time to time by section 161 of the Income Tax Act (Canada).

E & O.E