



<b>COURT FILE NUMBER</b>	<b>25-1859192</b>
<b>COURT</b>	<b>COURT OF QUEEN'S BENCH OF ALBERTA</b>
<b>JUDICIAL CENTRE</b>	<b>CALGARY</b>
<b>DOCUMENT</b>	<b>FIRST REPORT OF THE TRUSTEE IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF 3 EAU CLAIRE DEVELOPMENTS INC.</b>

**DATED MAY 5, 2014**

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

**Deloitte Restructuring Inc.  
700 Bankers Court, 850 – 2<sup>nd</sup> Street SW  
Calgary, AB T2P 0R8  
Attention: Jeff Keeble**

**Telephone/Facsimile: 403-503-1458/ 403-718-3681**

**Email: [jkeeble@deloitte.ca](mailto:jkeeble@deloitte.ca)**

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## **SCHEDULES**

Schedule 1	Certificate of Filing of a Notice of Intention to Make a Proposal
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Schedule 5	Actual Cash Flow for the Two Week Period Ended April 26, 2014

# Introduction and Notice to Reader

## Introduction

1. On April 11, 2014, 3 Eau Claire Developments Inc. (“3 Eau Claire” or the “Company”) filed a Notice of Intention to Make a Proposal (the “NOI”) under Section 50.4(1) of the *Bankruptcy and Insolvency Act* (the “BIA”). Deloitte Restructuring Inc. (“Deloitte”) consented to act as Trustee under the NOI. Attached as “Schedule 1” is a copy of the Certificate of Filing a Notice of Intention to Make a Proposal issued by the Official Receiver. Attached as “Schedule 2” is a copy of the NOI.
2. On April 17, 2014, 3 Eau Claire filed a Statement of Projected Cash Flow for the eight week period ending June 14, 2014 (the “Forecast”). A copy of the Forecast is attached as “Schedule 3”.
3. On May 2, 2014, the Company provided to the Trustee an Amended Statement of Projected Cash Flow for the ten week period ending July 5, 2014 (the “Amended Forecast”). As required pursuant to Section 50.4(2) of the BIA, both the Forecast and the Amended Forecast were accompanied by a Report on the Cash Flow Statement by the Person Making a Proposal and a Trustee’s Report on the Cash Flow Statement (the “Reports”). A copy of the Amended Forecast, as filed on May 5, 2014, and the corresponding Reports are attached as “Schedule 4”.
4. The Company was granted an initial 30-day stay of proceedings pursuant to Section 69(1) of the BIA (the “Initial Stay”). 3 Eau Claire is required to file a proposal within the Initial Stay or within any further extension of that period granted by the Court of Queen’s Bench of Alberta (the “Court”).

## Notice to Reader

5. In preparing this report, the Trustee has relied on unaudited financial information, the books and records of the Company and discussions with the Company’s employees, interested parties and stakeholders. The Trustee has not performed an independent review or audit of the information provided.
6. The Trustee assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the circulation, publication, reproduction, or use of this report.

# Background

## Operations

7. The Company was incorporated under the *Alberta Business Corporations Act* on February 15, 2008. 3 Eau Claire is a real estate development company, created for the purpose of building a 651,788 square foot mixed-use condominium project (the “Project”) located at 633 3 Avenue SW in Calgary, Alberta (the “Lands”). The Project is intended to consist of two 48 storey towers connected on the 37<sup>th</sup> floor. The Project is also intended to be connected to the Calgary downtown Plus 15 indoor network.
8. The Project was to be built in two phases, which would include 244,431 square feet of office space and 446 residential condominium units. Condominium pre-sales were launched on November 9, 2012 for the 368 condo units included in Phase I. The Company advises that Phase 1 is currently 70% sold, with all customer deposits being held in a separate trust account with the Company’s former legal counsel.
9. 3 Eau Claire was in lease negotiations with Shaw Cablesystems Limited (“Shaw”), who was intended to be the Project’s anchor tenant; however, the Trustee understands that the negotiations took longer than anticipated and that Shaw withdrew from the negotiations in February 2014. The construction of the Project was delayed while the Company tried to find another suitable anchor tenant and this led to 3 Eau Claire’s current financial difficulties.

## Court Proceedings

10. This report is the First Report of the Trustee (the “First Report”). The First Report is being filed in support of 3 Eau Claire’s application to the Court on May 8, 2014 (the “May Application”) seeking the following relief:
  - 10.1. An extension of the time for the filing of the proposal for a further 45 days beyond the Initial Stay (the “Extension”); and
  - 10.2. A charge in the amount of \$50,000 as security for the reasonable professional fees and disbursements of the Trustee and the Company’s legal counsel (the “Administrative Charge”). The Administrative Charge will form a first charge over all assets, rights, undertakings and properties of 3 Eau Claire of every nature and kind whatsoever, and wherever situated including all proceeds thereof.

# Restructuring Efforts

11. On March 12, 2014, 3 Eau Claire entered into an Exclusive Commercial Listing Agreement (the "Listing Agreement") with Avison Young Real Estate Alberta Inc. ("Avison"). The Listing Agreement authorized Avison to act as the Company's agent for the purchase and sale of the Lands or to procure a development partner to complete the Project.
12. Pursuant to the Listing Agreement, Avison was to move forward with a 21 day marketing campaign to introduce the opportunity to a select group of potential purchasers, which was to be followed by a 14 day period to bring forward one interested party with whom to negotiate a transaction (the "Marketing Process"). The Listing Agreement contemplated a deadline of June 30 to complete and close the sale of the Property or to procure a development partner. Deloitte has had discussions with Avison and has confirmed that the Marketing Process is underway but it is taking longer than was outlined in the Listing Agreement. The Trustee understands that Avison has introduced the opportunity to approximately 19 interested parties, of which 10 have entered into non-disclosure agreements. The Trustee also understands that Avison is in negotiations with parties interested in both the potential purchase of the Lands or in a development partnership and that they are anticipating receiving initial letters of intent in mid to late May 2014. Although the ultimate closing date of any transaction is uncertain, the Marketing Process appears to be advancing in a commercially reasonable manner.
13. If the Company enters into a contract either for the purchase and sale of the Lands or with a development partner, then it should be in a position to make a proposal to both its secured and unsecured creditors. In addition to initiating the Marketing Process, the Company has undertaken the following restructuring activities:
  - 13.1. 3 Eau Claire has retained Miller Thomson LLP to act as legal counsel throughout the proposal proceedings and to assist the Company with discussions with creditors and other stakeholders;
  - 13.2. The Company is having on-going discussions with the first and second mortgage holders on the Lands, Korea Exchange Bank of Canada ("KEB") and Computershare Trust Company of Canada ("Computershare"), who represents the Hyundai Wise Private Investment Trust. The Trustee was advised by 3 Eau Claire's management ("Management") that both the first and second mortgage holders are supportive of the proposed timeline for the Marketing Process.
  - 13.3. 3 Eau Claire has initiated discussions with the five subsequent mortgage holders. As described in further detail below, only one of those parties has indicated that they may oppose the May Application; and

13.4. In March 2014, the Company entered into an agreement with Precise ParkLink Inc. (“Precise”) to lease the Lands as a parking lot (the “Parking Lot”) in order to generate cash flow until such time as construction commences on the Project. The Amended Forecast suggests that the Company will have sufficient cash flow to fund its ongoing operations during the period ending July 5, 2014.

# Creditor Claims

14. As at the date of the NOI, 3 Eau Claire listed creditors with claims totaling approximately \$37.8 million, which can be broken down as follows:

14.1. Secured mortgage holders (the “Mortgagors”) have claims for approximately \$36.0 million, which are registered in the order listed below:

Mortgage Holder	Principal ('000)
KEB	\$ 8,500
Computershare	20,680
Shorebrook Capital Inc. (“Shorebrook”)	326
Bosa Properties (Eau Claire) Inc. (“Bosa”)	2,000
MMP Structural Engineers Ltd. (“MMP”)	646
PM Rec Holdings Inc. (“PM Rec”)	450
1713744 Alberta Ltd. (“1713744”)	3,400
Total	<u>\$ 36,002</u>

The Trustee notes that Computershare’s claim reported in the NOI does not include accrued interest of approximately \$5.4 million.

14.2. 3 Eau Claire listed unsecured trade creditors with claims totaling approximately \$1.8 million. Two of these creditors with claims totaling approximately \$534,100 registered liens under the *Builders’ Lien Act* on April 15, 2014 (the “Liens”); and

14.3. The Company continues to lease a vehicle through Ford Credit Canada Leasing.

15. As at the date of the First Report, Management has advised that all of Shorebrook, MMP and PM Rec have expressed support for the Extension and that KEB and 1713744 had indicated that they did not intend to oppose the Extension.

16. Bosa’s counsel has contacted the Trustee to indicate their intention to potentially oppose the Extension and the Administrative Charge. As at the date of this report, no other creditors have indicated to the Trustee that they intend to oppose the May Application.

# Cash Flow Forecast

17. The Trustee has been reviewing 3 Eau Claire's operating results and monitoring the actual cash flow of the Company as against the Forecast. Based on the information provided by Management, there has been no material adverse change. The Trustee notes that the Forecast has a one week timing variance built in such that the Forecast began on the week ended April 26, 2014 instead of the week ended April 19, 2014 (the "Timing Variance"). Taking into account the Timing Variance, the Company's actual results for the two week period ended April 26, 2014 (the "Actual Cash Flow") appear consistent with 3 Eau Claire's expected operations. The Actual Cash Flow is attached as "Schedule 5".
18. The Trustee notes the following differences between the Amended Forecast and the Forecast:
  - 18.1. The Amended Forecast corrects the Timing Variance;
  - 18.2. The Amended Forecast includes the receipt of a GST refund in the amount of approximately \$22,000 which was not reflected in the Forecast;
  - 18.3. The Amended Forecast reflects reduced revenue from the Parking Lot as a result of poor soil condition in the Southeast corner of the Lands, which will result in the Company and Precise negotiating a reduced lease rate; and
  - 18.4. The Amended Forecast includes a contingency amount to undertake repairs that may be required to the Parking Lot.
19. Based on the Amended Forecast, the Company is anticipated to continue to generate sufficient cash to fund its ongoing operations during the period ending July 5, 2014. As such, the Trustee does not believe that any creditor would be materially prejudiced should the Company's request for the Extension be granted.
20. Although the May Application includes a request for approval of the Administrative Charge, the Company intends, to the extent possible, to fund professional fees and disbursements from operating cash flow with the payment of any outstanding professional fees and disbursements being addressed in its proposal.



21. On May 2, 2014, the Company provided the Trustee with a representation letter which stated, among other things, that 3 Eau Claire had made available to the Trustee all financial records and other relevant information, that the assumptions used in developing the Forecast and the Amended Forecast are still valid and that they are acting in good faith and with due diligence in developing their proposal and are not aware of any reason that they likely would not be able to make a viable proposal.

# Recommendation and Conclusion

22. Based on the Trustee's dealings and our review of 3 Eau Claire's operations and restructuring efforts to date, we can advise that:

22.1. 3 Eau Claire appears to be acting in good faith and with due diligence;

22.2. The Company is cooperating with the Trustee and appears to be making efforts to obtain a favourable outcome through the Marketing Process in order to try and present a viable proposal to its secured and unsecured creditors;

22.3. 3 Eau Claire requires the Extension to allow time for Avison to complete the Marketing Process;

22.4. Avison is a reputable broker and the Marketing Process appears to be being undertaken in a commercially reasonable manner; and

22.5. The Trustee is of the view that 3 Eau Claire's creditors will not be materially prejudiced by the Extension.

23. The First Report is filed in support of the May Application seeking the following:

23.1. Approval of the Extension; and

23.2. Approval of the Administrative Charge.

**DELOITTE RESTRUCTURING INC.,**  
in its capacity as Trustee under the proposal of  
3 Eau Claire Developments Inc. and not in its  
personal or corporate capacity



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Jeff Keeble CA, CIRP, CBV  
Senior Vice-President

# Schedules

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# Schedule 1

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Industry Canada  
Office of the Superintendent  
of Bankruptcy Canada

Industrie Canada  
Bureau du surintendant  
des faillites Canada

District of Alberta  
Division No. 02 - Calgary  
Court No. 25-1859192  
Estate No. 25-1859192

In the Matter of the Notice of Intention to make a  
proposal of:

**3 Eau Claire Developments Inc.**  
Insolvent Person

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Trustee

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Date of the Notice of Intention: April 11, 2014

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CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL  
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the *Bankruptcy and Insolvency Act*.

Pursuant to subsection 69(1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

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Date: April 11, 2014, 17:51

E-File/Dépôt Electronique

Official Receiver

Standard Life Tower, 639 5 Avenue SW, Suite 400, Calgary, Alberta, Canada, T2P0M9, (877)376-9902

**Canada**

# Schedule 2

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District of: Alberta  
Division No. 02 - Calgary  
Court No.  
Estate No.

- FORM 33 -

Notice of Intention To Make a Proposal  
(Subsection 50.4(1) of the Act)

In the matter of the proposal of  
3 Eau Claire Developments Inc.  
of the City of Calgary, in the Province of Alberta

Take notice that:

1. 3 Eau Claire Developments Inc., an insolvent company, states, pursuant to subsection 50.4(1) of the Act, that the company intends to make a proposal to its creditors.
2. Deloitte Restructuring Inc. of 700 Bankers Court, 850 - 2nd Street SW, Calgary, AB, T2P 0R8, a licensed trustee, has consented to act as trustee under the proposal. A copy of the consent is attached.
3. A list of the names of the known creditors with claims of \$250 or more and the amounts of their claims is also attached.
4. Pursuant to section 69 of the Act, all proceedings against the company are stayed as of the date of filing of this notice with the official receiver in the company's locality.

Dated at the City of Calgary in the Province of Alberta, this 11th day of April 2014

  
3 Eau Claire Developments Inc.  
Insolvent Company

To be completed by Official Receiver:

Filing Date \_\_\_\_\_

\_\_\_\_\_  
Official Receiver

**List of Creditors with claims of \$250 or more.**

Creditor	Address	Account#	Claim Amount
1520897 Alberta Ltd.	51 Arbour Lake Dr NW Calgary AB T3G 4A2		122,366.25
1713744 Alberta Ltd.	340, 4723 1 St SW Calgary AB T2G 4Y8		3,400,000.00
Altus Group	333 - 11 Ave SW Suite 1200 Calgary AB T2R 1L9		1,950.60
Andrew Seong Jin Lee	1102, 872 - 4 Ave SW Calgary AB T2P 0T7		7,447.23
Bosa Properties - Corporate Head Office Tina Derewinkin	1800 - 4555 Kingsway Burnaby BC V5H 4T8		2,000,000.00
Bunt & Associates Engineering	1050 W Pender St. #1550 Vancouver BC V6E 4T3		5,508.74
Calgary Parking Authority	620 - 9th Avenue SW Calgary AB T2P 1L5		20,260.80
CANLink	#201, 117 - 117 Ave NE Calgary AB T2E 1L7		94,281.08
Century 21 Bravo Realty	3009 - 23 St. NE Calgary AB T2E 7A4		2,084.25
CIBC Visa Proposals c/o FCT Default Solutions Insolvency Department	PO Box 2514 Station B London ON N6A 4G9		9,821.80
CIR Realty	103, 11012 Macleod Tr. SE Calgary AB T2J 6A5		1,747.60
Clark Builders	7535 Flint Road SE Calgary AB T2H 1G3		398,099.04
Colliers International Suzanne Bedford	200 Granville Street 19th Floor Vancouver BC V6C 2R6		6,751.50
ComputerShare Trust Co of Canada	8th - 100 University Ave Toronto ON M5J 2V1		20,680,372.97
David Warkentin	#101, 1717 10 St NW Calgary AB T2M 4S2		3,243.50
Dentons	15th FL, 850-2nd Street SW Calgary AB T2P 0R8		3,202.66
Discover Real Estate Ltd.	6111 6 St. SE Calgary AB T2H 1L9		5,205.39
Elite Realty Specialists Inc., Brokerage	11 Queen St. South Mississauga ON L5M 1K2		2,119.69



**List of Creditors with claims of \$250 or more.**

Creditor	Address	Account#	Claim Amount
Enmax Dina Di Rado	1565 27th Avenue NE Calgary AB T2E 8Y2		829.98
Gage Building Systems Ltd.	Suite 16 - 4220 23 St. NE Calgary AB T2E 6X7		2,441.25
Gradient Microclimate Engineering Inc.	127 Walgreen Rd Ottawa ON K0A 1L0		47,775.00
Irene Saki Okwara	2007 - 1 Renaissance Sq New Westminster BC V3M 0B6		1,114.23
James Jeong-Myung Kang	4724 6 St. SW Calgary AB T2S 2N1		61,242.75
Korean Exchange Bank Credit Department	1101 - 4950 Yonge Street North York ON M2N 6K1		8,500,000.00
MMP Structural Engineering Ltd.	Suite 205 - 1170 Kensington Cres NW Calgary AB T2N 1X6		646,327.50
Norr Architects Planners	Suite 100, 221 -10 Ave SE Calgary AB T2G 0V9		284,433.61
PM Rec Holdings Inc.	c/o Suncor Energy Centre 3400 5 Ave SW Calgary AB T2P 3Y7		450,000.00
Portico Design Group	11871 Horeshoe Way #1141 Richmond BC V7A 5H5		9,214.18
Read Jones Christoffersen	144 Front St. W Toronto ON M5J 2L7		55,906.24
Real Estate Professionals Inc.	202, 5403 Crowchild Trail NW Calgary AB T3B 4Z1		1,773.19
Reinbold Engineering Group	Suite 110 - 5970 Centre St. SE Calgary AB T2H 0C1		185,143.88
Remax House of Real Estate	#20, 2439 - 54 Ave SW Calgary AB T3E 1M4		1,702.31
Remax Realty One Inc.	50 Burnhamthorpe Road West Suite 102 Mississauga ON L5B 3C2		16,161.80
Residential One Real Estate	464 Woodbine Blvd. SW Calgary AB T2W 5H7		1,706.25
Robertson & Associates Engineering Ltd.	100, 4723 - 1 Street SW Calgary AB T2G 4Y8		254,100.01
Royal LePage	110, 7220 Fisher St. SE Calgary AB T2H 2H8		1,729.88
Scatliff+Miller+Murray Inc.	201 Portage Ave #1120 Winnipeg MB R3B 3K6		2,100.00

**List of Creditors with claims of \$250 or more.**

Creditor	Address	Account#	Claim Amount
Shorebrook Capital Inc.	3001, 1050 Burrard Street Vancouver BC V6Z 2S3		326,250.00
Sing Tao	Unit 10 - 40 Hopewell Way NE Calgary AB T3J 5H7		8,400.00
Starnes Consulting	#203, 1109 - 17 Ave SE Calgary AB T2T 5R9		78,750.00
Stewart & Stewart	#340, 4723 - 1st Street SW Calgary AB T2G 4Y8		730.25
The Real Estate Company	11, 5080 - 12 A St. SE Calgary AB T2G 5K9		1,712.16
Treadstone Services	PO BOX 97 Aldersyde AB T0L 0A0		23,544.15
Tronnes Survey	6135 - 10th Street SE Calgary AB T2H 2Z9		23,299.50
Woodruff Sweltzer	200, 630 - 8 Ave SW Calgary AB T2P 1G6		50,945.81
<b>Total</b>			<b>37,801,796.83</b>

**NOTICE OF INTENTION TO MAKE A PROPOSAL  
(Section 50.4(1))  
3 Eau Claire Developments Inc.**

**CONSENT OF TRUSTEE TO ACT UNDER PROPOSAL**

In accordance with Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the "*BIA*"), we advise that our firm, as a licensed Trustee, hereby consents to act as Trustee under the proposal of 3 Eau Claire Developments Inc. under Division I of Part III of the *BIA*.

Dated at the City of Calgary, in the Province of Alberta, this 11<sup>th</sup> day of April, 2014.

**DELOITTE RESTRUCTURING INC.**



Per: Jeff Keeble, CA, CIRP, CBV  
Senior Vice President

# Schedule 3

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3 Eau Claire Developments Inc. ("3 Eau Claire")  
Statement of Projected Cash Flow  
For the eight week period ended June 14, 2014

	19-Apr-14	26-Apr-14	3-May-14	10-May-14	17-May-14	24-May-14	31-May-14	7-Jun-14	14-Jun-14	Total	Notes
<b>Receipts</b>											
Parking receivables	\$ -	\$ -	\$ -	\$ 40,000	\$ -	\$ -	\$ -	\$ 40,000	\$ -	\$ 80,000	1
<b>Total Receipts</b>	\$ -	\$ -	\$ -	\$ 40,000	\$ -	\$ -	\$ -	\$ 40,000	\$ -	\$ 80,000	
<b>Disbursements</b>											
Travel expenses	(500)			(500)	(500)	(500)	(500)	(500)	(500)	(3,500)	
Utilities				(488)				(488)		(977)	2
Business taxes			(148)				(148)			(296)	3
Salaries and wages				(20,364)				(19,250)		(39,614)	4
Real estate rental				(7,644)				(7,644)		(15,287)	5
Meals and entertainment	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(1,800)	
Vehicle	(100)	(100)	(100)	(774)	(100)	(100)	(100)	(774)	(100)	(2,249)	6
Insurance		(118)		(318)			(118)	(318)		(868)	7
Professional fees				(5,000)	(100)			(5,000)		(10,100)	8
Contingency	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(1,800)	
<b>Total Disbursements</b>	<b>(1,000)</b>	<b>(618)</b>	<b>(648)</b>	<b>(35,486)</b>	<b>(1,100)</b>	<b>(1,118)</b>	<b>(1,148)</b>	<b>(34,372)</b>	<b>(1,000)</b>	<b>(76,491)</b>	
<b>Net Cash Flow</b>	<b>\$ (1,000)</b>	<b>\$ (618)</b>	<b>\$ (648)</b>	<b>\$ 4,514</b>	<b>\$ (1,100)</b>	<b>\$ (1,118)</b>	<b>\$ (1,148)</b>	<b>\$ 5,628</b>	<b>\$ (1,000)</b>	<b>\$ 3,509</b>	
<b>Bank Balance</b>											
Beginning Cash Balance	\$ 2,400	\$ 1,400	\$ 782	\$ 134	\$ 4,648	\$ 3,548	\$ 2,429	\$ 1,281	\$ 6,909	\$ 2,400	
Net Cash Flow	(1,000)	(618)	(648)	4,514	(1,100)	(1,118)	(1,148)	5,628	(1,000)	3,509	
<b>Ending Bank Balance</b>	<b>\$ 1,400</b>	<b>\$ 782</b>	<b>\$ 134</b>	<b>\$ 4,648</b>	<b>\$ 3,548</b>	<b>\$ 2,429</b>	<b>\$ 1,281</b>	<b>\$ 6,909</b>	<b>\$ 5,909</b>	<b>\$ 5,909</b>	

Prepared as at the 17 day of April, 2014

**Purpose:**

This Estimated Cash Flow Statement (the "Cash Flow") has been prepared by 3 Eau Claire's management pursuant to section 50.4(2) of the *Bankruptcy and Insolvency Act*. It is being filed specifically for the purposes contemplated in that section and readers are cautioned that it may not be appropriate for other purposes. In addition the Cash Flow has been prepared based on assumptions regarding future events; therefore actual results may vary from the estimates presented herein and these variances may be material.

3 Eau Claire Developments Inc.

Per: James Hong Park, CEO

Deloitte Restructuring Inc. in their capacity as Trustee under the proposal of 3 Eau Claire Development Inc. and not in their personal capacity

Per: Jeff Keeble, Senior Vice-President

**Notes & Assumptions - General:**

1. Unless otherwise stated, amounts are based on historical data and management estimates.
2. All amounts include applicable GST.
3. As 3 Eau Claire is in the process of developing their Proposal, the Cash Flow does not include any payments to be made pursuant to the Proposal.

**Notes & Assumptions - Specific:**

1. Precise ParkLink Inc. ("Precise") currently leases 3 Eau Claire's development site for use as a parking lot for \$40,000 per month. As part of this agreement, Precise covers all related costs, including insurance.
2. Includes telephone and Internet services for 3 Eau Claire's presentation centre, located at 102, 615 - 3 Avenue SW (the "Presentation Centre").
3. Includes business taxes for the Presentation Centre.
4. 3 Eau Claire has three employees who are being paid on a contract basis.
5. Includes rent for the Presentation Centre as well as for rental property and living expense that are provided for 3 Eau Claire's employees.
6. 3 Eau Claire leases a 2014 Ford Explore for use by its employees.
7. 3 Eau Claire has general liability insurance for the Presentation Centre, which is provided through Aon.
8. Includes payments toward the professional fees of the Trustee under the Notice of Intention to Make a Proposal.

# Schedule 4

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Receipts	Week ending:												Total	Notes		
	10/29/14	11/06/14	11/13/14	11/20/14	11/27/14	12/04/14	12/11/14	12/18/14	12/25/14	1/01/15	1/08/15	1/15/15				
CST Receivable	\$ 22,057	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	22,057	1
Prepaid receivables	22,057	35,000	-	-	-	-	-	-	-	-	-	-	-	-	70,000	
Total Receipts	44,114	35,000	-	-	-	-	-	-	-	-	-	-	-	-	79,114	
Disbursements																
Travel expenses	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(5,000)	2
Utilities	(146)	(146)	(146)	(146)	(146)	(146)	(146)	(146)	(146)	(146)	(146)	(146)	(146)	(146)	(1,458)	3
Business travel	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(200,000)	4
Salaries and wages	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(2,000)	5
Rent table rental	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(1,000)	6
Office supply	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(1,000)	7
Vehicle	(1,100)	(1,100)	(1,100)	(1,100)	(1,100)	(1,100)	(1,100)	(1,100)	(1,100)	(1,100)	(1,100)	(1,100)	(1,100)	(1,100)	(11,000)	8
Insurance	(1,100)	(1,100)	(1,100)	(1,100)	(1,100)	(1,100)	(1,100)	(1,100)	(1,100)	(1,100)	(1,100)	(1,100)	(1,100)	(1,100)	(11,000)	9
Professional fees	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(10,000)	10
Contingency	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(10,000)	11
Total Disbursements	(3,246)	(3,246)	(3,246)	(3,246)	(3,246)	(3,246)	(3,246)	(3,246)	(3,246)	(3,246)	(3,246)	(3,246)	(3,246)	(3,246)	(32,458)	
Net Cash Flow	\$ 11,868	\$ 32,754	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,656	
Bank Balance	\$ 1,000	\$ 18,848	\$ 21,848	\$ 14,608	\$ 12,108	\$ 11,008	\$ 10,208	\$ 9,348	\$ 8,348	\$ 7,248	\$ 6,148	\$ 5,048	\$ 3,948	\$ 2,848	\$ 1,000	
Ending Bank Balance	\$ 18,848	\$ 2,064	\$ (7,992)	\$ (11,920)	\$ (11,100)	\$ (10,200)	\$ (9,300)	\$ (8,300)	\$ (7,200)	\$ (6,100)	\$ (5,000)	\$ (3,900)	\$ (2,800)	\$ (1,700)	\$ (670)	
Prepared as at the 24th of May, 2014	\$ 18,848	\$ 2,064	\$ (7,992)	\$ (11,920)	\$ (11,100)	\$ (10,200)	\$ (9,300)	\$ (8,300)	\$ (7,200)	\$ (6,100)	\$ (5,000)	\$ (3,900)	\$ (2,800)	\$ (1,700)	\$ (670)	

The Estimated Cash Flow Statement (the "Cash Flow") has been prepared by 3 Eau Claire's management pursuant to section 504(c) of the *Internal Revenue Code*, and is being filed specifically for the purposes contemplated in last section and is not intended to be used for any other purpose. In addition, the Cash Flow has been prepared based on assumptions regarding future events; therefore actual results may vary from the estimates presented herein and these variations may be material.

3 Eau Claire Developments Inc.  
 Per James Hong Park, CEO

Debbie Basso, Trustee under the proposal of 3 Eau Claire Developments Inc. and out in their personal capacity  
 Per Jeff Kessler, Senior Vice-President

**Notes & Assumptions - General:**  
 1. Unless otherwise stated, amounts are based on historical data and management estimates.  
 2. All amounts include applicable GST.  
 3. As 3 Eau Claire is in the process of developing their proposal, the Cash Flow does not include any payments to be made pursuant to the proposal.

**Notes & Assumptions - Specific:**  
 1. Prepaid Parking Inc. ("Prepaid") has been leasing 3 Eau Claire's development site for use as a parking lot (the "Parking Lot") for \$40,000 per month. As part of the agreement, Prepaid has been covering all related costs, including insurance. Due to the condition of the site, management anticipates that there will be a go-forward reduction in the lease to \$20,000 per month, which will be reflected in the Cash Flow.  
 2. Includes expenses and other services for 3 Eau Claire's presentation centre, located at 102, 816 - 3 Avenue SW (the "Presentation Centre").  
 3. Includes expenses for the Presentation Centre.  
 4. 3 Eau Claire has hired employees who are being paid on a contract basis.  
 5. Includes expenses for the Presentation Centre as well as for two retail properties that are provided for 3 Eau Claire's employees.  
 6. 3 Eau Claire leases a 2014 Ford Explorer for use by its employees.  
 7. 3 Eau Claire has general liability insurance for the Presentation Centre, which is provided through Aon.  
 8. Includes payments to the Proposal Trustee and to 3 Eau Claire's legal counsel.  
 9. Includes amounts that may be received for permits for the Parking Lot.

District of: Alberta  
Division 02 - Calgary  
No. Court 25-1859192  
No. Estate 25-1859192

- FORM 30 -  
Report on Cash-Flow Statement by the Person Making the  
Proposal  
(Paragraphs 50(6)(c) and 50.4(2)(c) of the  
Act)

In the matter of the proposal  
of  
3 Eau Claire Developments  
Inc.  
of the City of Calgary, in the Province of  
Alberta

3 Eau Claire Developments Inc., has developed the assumptions and prepared the attached amended statement of projected cash flow of the insolvent company as of the 2<sup>nd</sup> day of May, 2014, consisting of the statement of projected cash flow for the ten week period from the week ended May 3, 2014 to the week ended July 5, 2014.

The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in the notes attached, and the probable assumptions are suitably supported and consistent with the plans of the insolvent person and provide a reasonable basis for the projection. All such assumptions are disclosed in the notes attached.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projection has been prepared solely for the purpose described in the notes attached, using a set of hypothetical and probable assumptions set out in the notes attached. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Calgary in the Province of Alberta, this 2<sup>nd</sup> day of May 2014.

  
\_\_\_\_\_  
3 Eau Claire Developments  
Inc.  
Debtor

James Hong Park, CEO  
\_\_\_\_\_  
Name and title of signing officer



District of: Alberta  
Division No. 02 - Calgary  
Court No. 25-1859192  
Estate No. 25-1859192

-- FORM 29 --  
Trustee's Report on Cash-Flow Statement  
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the matter of the proposal of  
3 Eau Claire Developments Inc.  
of the City of Calgary, in the Province of Alberta

The attached amended statement of projected cash flow of 3 Eau Claire Developments Inc., as of the 2nd day of May, 2014, consisting of the statement of projected cash flow for the ten week period from the week ended May 3, 2014 to the week ended July 5, 2014, has been prepared by the management of the insolvent company for the purpose described in the notes attached, using the probable and hypothetical assumptions set out in the notes attached.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by the management and employees of the insolvent company. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. We have also reviewed the support provided by management for the probable assumptions and preparation and presentation of the projection.

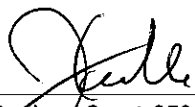
- (a) Based on our review, nothing has come to our attention that causes us to believe that, in all material respects, the hypothetical assumptions are not consistent with the purpose of the projection;
- (b) as at the date of this report, the probable assumptions developed are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or
- (c) the projection does not reflect the probable and hypothetical assumptions.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the projection will be achieved.

The projection has been prepared solely for the purpose described in the notes attached, and readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Calgary in the Province of Alberta, this 2nd day of May 2014.

Deloitte Restructuring Inc. - Trustee

  
\_\_\_\_\_  
700 Bankers Court, 850 - 2nd Street SW  
Calgary AB T2P 0R8  
Phone: (403) 267-1777 Fax: (403) 260-4077

# Schedule 5

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**3 Eau Claire Developments Inc.**  
**Actual Cash Flow**  
**For the two week period ended April 26, 2014**

"Schedule 5"

**Receipts**

Parking receivables	\$ 39,000
<b>Total Receipts</b>	<b><u>39,000</u></b>

**Disbursements**

Travel expenses	(207)
Utilities	(288)
Business taxes	
Salaries and wages	(19,272)
Real estate rental	(7,644)
Meals and entertainment	(533)
Office Supply	(97)
Vehicle	(777)
Insurance	(315)
Professional fees	(10,000)
Contingency	-
<b>Total Disbursements</b>	<b><u>(39,134)</u></b>

<b>Net Cash Flow</b>	<b><u>\$ (134)</u></b>
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**Bank Balance**

Beginning Cash Balance	\$ 1,142
Net Cash Flow	(134)
<b>Ending Bank Balance</b>	<b><u>\$ 1,008</u></b>