



Action No. 1001-03215

**IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF CALGARY**

BETWEEN:

FIRST CALGARY SAVINGS & CREDIT UNION LTD.

Plaintiff

and

**PERERA SHAWNEE LTD., PERERA DEVELOPMENT CORPORATION, DON L.
PERERA and SHIRANIE M. PERERA**

Defendants

AND BETWEEN:

PERERA SHAWNEE LTD., DON L. PERERA and SHIRANIE M. PERERA

Plaintiffs by Counterclaim

and

**FIRST CALGARY SAVINGS & CREDIT UNION LTD. and DELOITTE & TOUCHE
LLP**

Defendants by Counterclaim

**FIFTH REPORT OF THE COURT APPOINTED
RECEIVER OF PERERA SHAWNEE LTD. AND PERERA
DEVELOPMENT CORPORATION**

DELOITTE & TOUCHE INC.

October 26, 2010

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SCHEDULE 1 Copy of the Unit 802 Purchase Contract - Redacted
SCHEDULE 2 Copy of the Schedules to the Unit 802 Purchase Contract

INTRODUCTION

1. On March 3, 2010, Deloitte & Touche Inc. was appointed by the Court of Queen's Bench of Alberta, Judicial District of Calgary (the "**Court**"), as receiver and manager (the "**Receiver**"), without security, of all the current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situated, including all proceeds thereof of Perera Shawnee Ltd. ("**PSL**") and Perera Development Corporation ("**PDC**") (PSL and PDC are collectively referred to as "**Perera**" or "**PSL**") (the "**Receivership Order**").
2. The Receivership Order was the result of an application by First Calgary Savings & Credit Union ("**First Calgary**"), a secured creditor of Perera. Perera is a condominium real estate developer which has assets that consist of a three phase condominium real estate project located at 30 Shawnee Hill SW, Calgary, Alberta (the "**Project**"). On September 3, 2010, Perera Shawnee Ltd., Don L. Perera and Shiranie M. Perera filed a counterclaim in these proceedings against First Calgary and Deloitte & Touche LLP, alleging, among other things, breach of contract. The Defendants also made a motion for particulars that was adjourned *sine die*, on the understanding that it will be heard in the near future. The position of the Receiver with respect to the filing of the counterclaim was set out in the correspondence attached as **Schedule "1"** to the Third Report of the Court Appointed Receiver dated October 7, 2010.
3. Don L. Perera is the President of Perera and he and Shiranie M. Perera are guarantors of the loans from First Calgary.
4. There are 70 units in Phase One of the Project, 22 of which have been sold (the "**Sold Units**"), 15 of which are subject to purchase contracts and Vesting Orders (the "**15**

Units”), 22 of which are subject to purchase contracts and Closing Process Orders (the “**22 Units**”) and 11 of which are unsold (the “**Unsold Units**”). The 15 Units and the 22 Units are collectively referred to as the “**37 Units**”).

5. One of the Unsold Units, “**Unit 802**”, is the subject of a purchase and sale contract. A hearing was held in Court on Tuesday, October 12, 2010 wherein the Receiver requested, among other things, a vesting order allowing for the sale of Unit 802. On Friday, October 22, 2010, Madam Justice Kent granted an Adjournment Order (the “**Adjournment Order**”) that, among other things, vacated the vesting order in respect of Unit 802 and adjourned the application for same to Wednesday, October 27, 2010. The Adjournment Order also required that the Receiver disclose to prospective purchasers the existence of the lawsuits (the “**Lawsuits**”) commenced against Condominium Corporation No. 091532 (the “**Condominium Corporation**”), in the manner specified.

NOTICE TO READER

6. This report constitutes the Fifth Report of the Court Appointed Receiver (the “**Report**”).

PURPOSE OF REPORT

7. The purpose of this Report is to disclose to the Court the following:
 - (a) The steps undertaken by the Receiver to disclose the Lawsuits to the prospective purchasers of units in the Project; and
 - (b) The impact of the above item on the pending closure of the sale of Unit 802, and the corresponding vesting order that has been requested by the Receiver.

SALE OF UNIT 802

8. As previously noted, 59 of the 70 available units were presold at the date of the receivership. The remaining Unsold Units were listed for sale with CondoSource Inc., a local real estate agency that was retained to sell the 11 units. One of those units, Unit 802, is the subject of a purchase and sale contract dated June 2, 2010.
9. However, partially as a result of the Court's direction in the Adjournment Order to disclose the Lawsuits, this contract was cancelled and a new purchase contract was finalized for Unit 802, dated October 19, 2010 (the "**Unit 802 Purchase Contract**"). The price offered in the new purchase contract was the same as that specified in the initial purchase contract. A copy of the Unit 802 Purchase Contract (with address, purchase price and deposit information redacted) is attached as **Schedule "1"** to this Report. A copy of the schedules to the Unit 802 Purchase Contract are attached as **Schedule "2"** to this Report. An unredacted copy of the Unit 802 Purchase Contract is contained in **Schedule "1"** of the Confidential Sixth Report of the Receiver, dated October 26, 2010 (the "**Confidential Sixth Report**").
10. The closing date for Unit 802 was set as November 4, 2010 (the "**Closing Date**") within the Unit 802 Purchase Contract. The purchaser of Unit 802 has taken possession of Unit 802 on October 25, 2010, under a tenancy at will agreement, pending a vesting order being issued by the Court regarding the closing of the Unit 802 Purchase Contract.
11. The sale price for Unit 802 is, in the opinion of the Receiver, commercially reasonable. In this regard, the Receiver refers the Court to Schedule "**1A**" in the Confidential Second Report of the Receiver dated August 11, 2010, Column "**F**" in Schedule "**4**" to the

Confidential Fourth Report dated October 6, 2010 and **Schedule “1”** to the Confidential Sixth Report that sets out the agreed sales price for Unit 802.

12. In accordance with the requirements of the Court, as set out in the Adjournment Order, the Receiver has disclosed the Lawsuits in paragraph 8.6 of the Unit 802 Purchase Contract and the Receiver’s standard form of Offer to Purchase. The Receiver has also appended **Schedule “H”** to the Unit 802 Purchase Contract and the Receiver’s standard form of Offer to Purchase that lists all claims that have been filed against the Condominium Corporation as at October 14, 2010.
13. The Unit 802 Purchase Contract is subject to the satisfaction of the following conditions precedent on or before the Closing Date:
 - (a) the issuance of an Order by the Court authorizing the Receiver to enter into the agreement and approve the transfer of the unit to the Purchasers free and clear of all encumbrances, other than Permitted Encumbrances (the “**Approval and Vesting Order**”);
 - (b) compliance to the reasonable satisfaction of the Receiver with the requirements of the *Safety Codes Act* and regulations thereunder, including but not limited to the issuance of an occupancy permit by the City of Calgary or permission in writing to occupy the unit pursuant to the regulations under the *Safety Codes Act* (Alberta); and
 - (c) the execution of a binding agreement between the Receiver and the Alberta New Home Warranty Program (“**ANHWP**”) providing that ANHWP will provide warranty coverage in respect to the unit and the Project.

14. The Receiver anticipates that the conditions precedent listed above will be met before the Closing Date. The certificate of occupancy was granted for Unit 802 and the Receiver has secured ANHWP warranty coverage for Unit 802 as set out in Schedule “2” of the Confidential Sixth Report.
15. Accordingly, the Receiver seeks the Court’s approval for the sale of Unit 802 as well as a vesting order in respect thereof, to satisfy the remaining conditions precedent.

SEALING ORDER

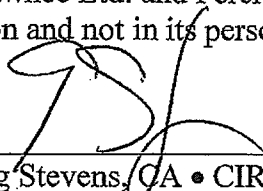
16. The Receiver recommends that a Court Order be granted sealing the Confidential Sixth Report to avoid any negative impact that could result from the dissemination of the information concerning the purchaser’s address, purchase price and deposit information. The Receiver also recommends that a Court Order be granted sealing any future confidential reports of the Receiver that contain similar confidential information. Publication of this information, including the selling price in respect of Unit 802, may prejudice the marketing of the units in the Project and may undermine the efforts of the Receiver in closing the Unit 802 Purchase Contract and selling any other units. The Receiver is not aware of any suitable alternative measures to protect the confidentiality of the information contained in the Confidential Sixth Report.

CONCLUSION

17. The Receiver respectfully requests that the Court grant the relief set out in the Notice of Motion dated October 26, 2010.

DELOITTE & TOUCHE INC.,
In its capacity as Receiver and Manager of
Perera Shawnee Ltd. and Perera Development
Corporation and not in its personal capacity

Per: _____


Greg Stevens, CA • CIRP
Senior Vice President

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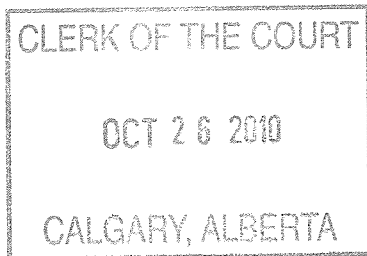
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**FIFTH RECEIVER'S REPORT TO THE
COURT SUBMITTED BY DELOITTE
& TOUCHE INC.**

Osler, Hoskin & Harcourt LLP

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