

Deloitte.



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**

Defendant

**REPORT OF THE COURT APPOINTED RECEIVER OF
PERERA SHAWNEE LTD. AND PERERA
DEVELOPMENT CORPORATION REGARDING THE
REGULATORY PROCEEDINGS**

DELOITTE & TOUCHE INC.

JUNE 2, 2010

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INTRODUCTION

1. On March 3, 2009, Deloitte & Touche Inc. was appointed by order (the "Receivership Order") of the 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. and Perera Development Corporation (collectively "Perera").
2. The Receivership Order was the result of an application by First Calgary Savings & Credit Union ("First Calgary"), a secured creditor of Perera. Perera Shawnee Ltd. 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").

NOTICE TO READER

3. This report constitutes a Report of the Court Appointed Receiver (the "Report") regarding Provincial Court Action File Number TK 100171909P1-01-001 (the "Regulatory Proceedings").

PURPOSE OF REPORT

4. The purpose of this Report is to disclose to the Court in very general terms the actions of the Receiver to date and to seek advice and directions of the Court regarding the Regulatory Proceedings.

ACTIVITIES OF THE RECEIVER

5. The Receiver took possession of the Perera assets on March 3, 2010, and since then has been gathering information about the status of the Project and taking actions necessary in order to make decisions with respect to maximizing the value of the Project to the stakeholders.
6. Phase 1 of the three phase Project has 70 condominium units and is substantially complete, while Phases 2 and 3 are only built to various stages of underground parking levels. All construction was halted just prior to the date of the receivership.
7. A partial occupancy permit was obtained by Perera in December 2009 for floors 2 through 7 in Phase 1, which resulted in 22 of the 59 pre-receivership sales contracts closing.
8. There are another 37 units that are subject to pre-receivership purchase and sale contracts, leaving another 11 to sell. Those 11 comprise mostly of town and penthouses yet to be fully constructed.
9. It is the Receiver's intention to borrow sufficient funds to complete the construction of the individual condominium units in Phase 1, and complete the construction of the parkade levels of Phases 2 and 3 to grade in order to enhance the sale of these latter 2 phases as one project.
10. The Receiver will be providing a more detailed report to the Court and the full service list shortly with respect to an application regarding the sale of condominiums in Phase 1.

THE REGULATORY PROCEEDINGS

11. Her Majesty the Queen in Right of Alberta (the "Crown") has commenced proceedings pursuant to the provincial Occupational Health and Safety regulations against Perera Shawnee Ltd., Perera Development Corporation, Perera Development Group Ltd. and Don Perera as a result of an investigation of a fatality which occurred on the Project construction site in 2008.
12. The Crown has advised the Receiver's counsel that it does not contemplate that the Regulatory Proceedings are proceedings which are stayed by operation of the Receivership Order.
13. The Receiver estimates that the amount of unsecured debt in Perera Shawnee Ltd. is at least \$10.6 million and in Perera Development Corporation, \$1.0 million.
14. It is the Receiver's concern that the Crown's actions may prejudice the position of the unsecured creditors of Perera if the Crown is permitted to proceed to enforce any fine, judgment, cost award, or other monetary penalty imposed against Perera in the Regulatory Proceedings in circumstances where the unsecured creditors are stayed by the Receivership Order from pursuing their claims to judgment.
15. The Receiver's counsel has proposed a consent order that would allow the Regulatory Proceedings to proceed, but would stay the registration or enforcement of any fine, judgment, cost award or other monetary penalty imposed against Perera in the Regulatory Proceedings.
16. The Receiver respectfully seeks the advice and directions of this Court with respect to whether the Regulatory Proceedings are stayed pursuant to the Receivership Order and, if

the Regulatory Proceedings are not so stayed, appropriate relief to protect Perera's unsecured creditors from the prejudice caused by allowing the Crown to proceed with the Regulatory Proceedings.

DELOITTE & TOUCHE INC.,
In its capacity as Receiver 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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CLERK OF THE COURT

JUN 02 2010

CALGARY, ALBERTA

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

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