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COURT OF QUEEN'S BENCH OF ALBERTA

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EDMONTON

IN THE MATTER OF THE COMPANIES'
CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C-36, As Amended

AND IN THE MATTER OF
PARKLAND AIRPORT DEVELOPMENT
CORPORATION

DOCUMENT

**CHIEF RESTRUCTURING OFFICER UPDATE
REPORT #6**

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

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Chief Restructuring Officer of Parkland Airport
Development CCAA

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PARKLAND AIRPORT DEVELOPMENT CORPORATION

CRO Update Report # 6

Sales Process

September 1, 2017

In the matter of Parkland Airport Development Corporation (“PADC”) and relief granted to it under CCAA on November 29, 2016, the Chief Restructuring Officer (“CRO”) was directed by the Court to conduct a sales process for the assets of PADC, being primarily an airport, runway adjoining hangar lots. The purpose of this report is to update the creditors and the Court on the outcome of the sales process.

Summary of the Sales Process

Timeline

The CRO had recommended in his report dated February 16, 2017 that a sales process of the Parkland Airport to be conducted simultaneously with other efforts, including the completion of phase 1. In the Court Order of May 1, the CRO was directed to proceed with the sales process as generally outlined in his previous reports. Accordingly, the CRO commenced the process, immediately following this May 1 Order and commenced preparation of a one page summary (“Teaser”), a Confidential Information Memorandum (“CIM”), a list of prospects and an electronic data room. The process continued for four months, culminating on Sept 1, being the deadline for final submission bids.

Over the entire sales process, a total of **71** parties received the Teaser of which **31** expressed further interest and were provided with the CIM upon execution of a confidentiality agreement (“CA”).

	Activity	Date	# of Prospects
1	Teaser	2017/06/01- 1 st round	24
	Total of 71 prospects	2017/06/21 – 2 nd round	33
	June 1, 2017 to August 31, 2017	2017/06/30 – 3 rd round	7
		2017/07 – 4 th round	4
		2017/08 – 5 th round	4
2	Confidentiality Agreements	2017/06/27 – 1 st round	7
	Total of 68 prospects	2017/06/30 – 2 nd round	54
	June 27, 2017 to August 31, 2017	2017/07 – 3 rd round	4
		2017/08 – 4 th round	3
3	Confidential Information Memorandum	2017/06/27 – 2017/08/14	31
	June 27, 2017 to August 31, 2017		
4	Extension of Bid Submission Date	2017/07/24	31
	Updated CIM and email was sent to all interested parties to advise that the bid submission date was extended from August 15 to September 1, 2017		
5	Data room access granted to 31 prospects	2017/07/24	31
6	Reminders sent to all prospects not previously	2017/08/18 – to prospects	27
	who received Teaser, but did		

advising of “no interest”	not respond.	
	2017/08/18 – to prospects who received the CIM.	31

Detailed Sales Process

Identification of prospective buyers

In the initial stage of the sales process, we scanned a number of potential prospect groups, including a review of other airport operators, local developers, high net-worth individuals, other aviation businesses, and general investors. As well, we canvassed several of the stakeholders, including Mr. Robert Gilgen, president and one of the founders of PADC. The process of developing a prospect list resulted in a total of 71 prospects being identified. Attached in Appendix A is our Contact Log being a record of all contact with these prospects.

Teasers

The Teaser, being a summary outline of the opportunity and investment highlights including some site photos to illustrate the situation of the hangar lots, adjoining lands and runway. A total of 71 prospects received the Teaser, a copy of which is attached as Appendix B in which prospects interested in receiving additional information were invited to contact the CRO.

Confidentiality Agreement (“CA”)

Interested parties requesting additional detailed information were asked to sign a formal CA prior to the delivery of the CIM. This process was conducted via an electronic signature process by email for expedience and control.

Confidential Information Memorandum

Upon the receipt of executed Cas, a comprehensive 48-page Confidential Information Memorandum was distributed to these prospects. A substantial amount of time was spent working with management in the preparation of the CIM.

This CIM provided more detailed background information including the vision of the founders, market outlook, land development plan, construction overview and lot sales summary, current development status of the airport, and completion of unsold lots and comparable airport data.

The CIM also set out the bid submission timeline and requirements.

Attached as Appendix C is the excerpt from the CIM which sets out the instructions for the bidding process as follows:

- 1) Submit sealed bids to Reynolds Mirth Richards & Farmer LLP (“RMRF”) counsel for PADC by September 1, 2017

- 2) Bids should be unconditional, other than for Court approval and granting of an order vesting clear title to the airport assets to the successful bidder.
- 3) All offers must be accompanied by a refundable deposit in the amount of 5% of the offer amount by way of bank draft or certified cheque payable to RMRF, in trust.
- 4) Bids will be opened and recorded in the presence of the Monitor and will be kept confidential other than as reported to the Court herein.

Data Room Access

Data Room access was granted to all parties who received the CIM and requested additional information for further due diligence. The data room was populated with 21 main folders and 370 items including a comprehensive data base gathered from management and public sources.

Due Diligence Facilitation

The CRO responded to numerous requests for further detail, explanation, site tours, etc. All enquiries and requests were responded to in a timely and helpful fashion.

Bid submission deadline

At the request of a number of interested parties, including some foreign parties, requiring additional time to complete due diligence and, due to delays as a result of holiday schedules, the CRO extended the timeline for submission of bids in the Sales Process from August 15, 2017, to September 1, 2017.

Two weeks prior to the bid submission deadline, the CRO sent out a reminder to all interested parties.

Review of submitted bids

The CRO hereby reports that only one bid was received as follows on September 1, 2017 as follows:

**Redacted by Order of the
Court September 13, 2017**

Two additional parties have contacted the CRO on September 1, 2017 requesting additional time to submit a bid.

Richmond Corporate Finance, M&A Advisory Inc.

In its capacity as court-appointed CRO of
Parkland Airport Development Corporation

Donald A. MacLean, CPA, CA, CIRP | President

Appendix A - Contact Log

	Company Name	Teaser Sent	CA Sent	CA Signed	CIM Sent
1	Sawridge Group of Companies	2017-06-01			
2	Peerless Trout First Nation				
3	Alberta Investment Mortgage	2017-06-01	2017-06-30		
4	Aeroads - Trevor Moore	2017-06-21	2017-06-27	2017-07-06	2017-07-06
5	Haverhill Business Enterprises Ltd.	2017-06-01	2017-06-30	2017-07-17	2017-07-17
6	Century 21 Lakeland	2017-06-01	2017-06-30	2017-07-06	2017-07-06
7	Gerard Developments Ltd	2017-06-01	2017-06-30		
8	Aeromax Loadstar Ltd.	2017-06-01	2017-06-30		
9	English Bay Enterprises Inc.	2017-06-01	2017-06-27		
10	Fillmore Construction - Jimmy Arlia	2017-06-21	2017-06-30		
11	Lamont Land Inc.	2017-06-01	2017-06-27	2017-06-30	2017-06-30
12	TerraCore Rentals Ltd.	2017-06-01	2017-06-30		
13	Corpus Management Group	2017-06-01	2017-06-30		
14	Colliers International	2017-06-01	2017-06-30		
15	Panattoni	2017-06-01	2017-06-30		
16	Dynamic Concrete Resurfacing Ltd.	2017-06-01	2017-06-30		
17	Kincade Public Affairs	2017-06-01	2017-06-30		
18	Xpol Consulting Ltd.	2017-06-01	2017-06-27	2017-06-28	2017-06-28
19	Strain Financial Services Ltd.	2017-06-01	2017-06-30	2017-07-03	2017-07-03
20	TD Commercial Banking	2017-06-01	2017-06-27	2017-06-28	2017-06-28
21	Endura Paint	2017-06-01	2017-06-30	2017-07-04	2017-07-04
22	Fillmore Construction - Brent Fillmore	2017-06-01			
23	Logic Realty	2017-06-01	2017-06-30		
24	Chris Tan	2017-06-01	2017-06-27	2017-07-05	2017-07-05
25	Asset Commercial Lending	2017-06-01	2017-06-30		
26	WAM Developments	2017-06-21	2017-06-30	2017-07-04	2017-07-04
27	Morgan Construction and Environmental	2017-06-21	2017-06-30	2017-06-30	2017-06-30
28	LAM Associates	2017-06-21	2017-06-30		
29	Executive Flight Centre FBO	2017-06-21	2017-06-30		
30	Million Air FBO	2017-06-21	2017-06-30	2017-07-17	2017-07-17
31	Aeroads - Corey Solomonson	2017-06-21	2017-06-30		
32	Brent Croucher	2017-06-21	2017-06-30		
33	Rocky Mountain Industrial Systems	2017-06-21	2017-06-30		
34	Global Construction Services - Evert Nadema	2017-06-21	2017-06-30		
35	Global Construction Services - Scott Routledge	2017-06-21	2017-06-30	2017-07-03	2017-07-03
36	Jeff Fennell	2017-06-21	2017-06-30		
37	Beaverbrook Developments	2017-06-21	2017-06-30		
38	Firepower Capital	2017-06-21	2017-06-30		
39	LC Greenough Construction	2017-06-21	2017-06-30		
40	BaseCorp Aviation Ltd.	2017-06-21	2017-06-30	2017-07-03	2017-07-03
41	RBC Commercial Real Estate Group, Edmonton	2017-06-21	2017-06-30		
42	Wells and Associates	2017-06-21	2017-06-30		
43	Cordillera Petroleums (CEH4)	2017-06-21	2017-06-30		
44	MTB Capital	2017-06-21	2017-06-27	2017-06-27	2017-06-27

45	Moose Power	2017-06-21	2017-06-30		
46	Lynass, Ferguson & Shocter	2017-06-21	2017-06-30	2017-07-17	2017-07-17
47	Alberta Wealth Management Inc	2017-06-21	2017-06-30		
48	Aeroads - Kevin Watt	2017-06-21	2017-06-30		
49	Century Capital	2017-06-21	2017-06-30		
50	Henderson Investments Inc	2017-06-21	2017-06-30	2017-07-06	2017-07-06
51	Parkland Airport team	2017-06-21	2017-06-30	2017-07-06	2017-07-06
52	Scott Park	2017-06-21	2017-06-27		
53	Winston Realty	2017-06-21	2017-06-27		
54	Wheaton Group	2017-06-21	2017-06-30		
55	Weinrich Construction	2017-06-21	2017-06-30	2017-06-30	2017-06-30
56	Hugh Chow	2017-06-21	2017-06-27	2017-06-30	2017-06-30
57	MapleCity Investment Consulting Group	2017-06-21	2017-06-27	2017-06-28	2017-06-28
58	RNL Financial	2017-06-30	2017-06-30	2017-07-06	2017-07-06
59	Willows Ltd.	2017-06-30	2017-06-30	2017-07-02	2017-07-02
60	Gallo & Company	2017-06-30	2017-06-30		
61	Hahn Co.	2017-06-30	2017-06-30		
62	AP Capital	2017-06-30	2017-06-30		
63	First Mortgage - PADC	2017-06-30	2017-06-30	2017-07-18	2017-07-18
64	AP Capital	2017-06-30	2017-06-30	2017-07-17	2017-07-17
65	Montair Aviation Ltd.	2017-07-14	2017-07-14	2017-07-17	2017-07-17
66	Air Spray	2017-07-13	2017-07-13	2017-07-13	2017-07-13
67	Canada ICI	2017-07-27	2017-07-27	2017-07-27	2017-07-27
68	Franvest Capital Partners Inc.	2017-07-29	2017-07-29	2017-07-29	2017-07-29
69	General Counsel to the EIA	2017-08-09	2017-08-09	2017-08-09	2017-08-09
70	Colliers International	2017-08-13	2017-08-14	2017-08-14	2017-08-14
71	Freeport Properties Ltd.	2017-08-01	2017-08-31	2017-08-31	2017-08-31

Appendix B - Teaser

(attached separately)

Appendix C – CIM insert

Page 1 of the PADC CIM:

Parties wishing to submit a formal offer should do so by **Sealed Bid** in the prescribed form (available on request) **no later than 12 noon MST on September 1, 2017** to:

Richmond Corporate Finance, M&A Advisory Inc.
in its capacity as Court Appointed Chief Restructuring Officer
for Parkland Airport Development Corporation
c/o Reynolds Mirth Richards & Farmer LLP ("RMRF"),
3200, 10180 - 101 St, Edmonton, AB, T5J 3W8

Attention: Michael McCabe

All bids received will be opened and reviewed on September 1, 2017 by the CRO in the presence of the Court Appointed Monitor, Deloitte Restructuring Inc.

Note that offers should be Unconditional, other than for Court approval and granting of an order vesting clear title to the airport assets to the successful bidder. Neither the CRO nor the Company can unilaterally enter into any agreement or commitment for the sale of the lands.

Also, all offers must be accompanied by a refundable deposit in the amount of 5% of the offer amount by way of bank draft or certified ~~cheque~~ payable to RMRF, in trust.

CRO may, in its discretion, reject all offers and conduct a further process to achieve a fair and equitable result. The Court may also direct the CRO similarly.

ACQUISITION OPPORTUNITY

Parkland Airport Development Corporation



The Opportunity

Parkland Airport is fully certified by Transport Canada (the "Airport"):

- Privately-owned, medium-sized airport servicing the Alberta Capital Region
- Paved runway length of 5217 ft. x 100 ft., with a maximum takeoff weight ("MTOW") of 100,000 pounds on 225 acres of land including sub-divided lots for hangars
- Two flight schools, both fixed and rotating wing (helicopter) onsite
- Located 30 minutes from Edmonton City Centre, close to freeways and industrial parks

	Current Construction Status				Lot Information		
	Size - Acres	Runway	Lot	Lot	No. of Hangar Lots	No. of Lots	
			Subdivision	Servicing		Sold	Available
Phase 1	80	✓	✓	In Progress	32	27	5
Phase 2	145	✓	✓	Q2 2018	74	0	74
	<u>225</u>				<u>106</u>	<u>27</u>	<u>79</u>

Background & Investment Highlights

The Airport's established presence in the market would allow a purchaser to:

- Sustain and further develop a fixed base operation (FBO) and other commercial endeavors
- Generate greater revenue streams by expanding to light industrial and commercial aviation developments
- Earn revenue through landing fees, passenger fees, fuel sales, aircraft maintenance services and other aeronautical services such as airplane storage, tie-down and parking, aircraft rental, etc.
- Projected revenue from lot sales will significantly exceed cost to complete. Upon completion of lot servicing, the Airport should be a profitable ongoing business.

Financial Overview

('000s)	Development Completion		On Completion
	Phase 1	Phase 2	Annual Airport
	In Process	Subdivided	Operations
	\$	\$	
Sales	2.0	24.0	(10% capacity)
Cost to Complete	(1.7)	(8.0)	
Operating Revenue	-	-	1,625,300.00
Operating Expense	-	-	(550,000.00)
Net Cash Flow	0.3	16.0	1,075,300.0

Richmond Corporate Finance, M&A Advisory Inc. was appointed by Queen's Bench of Alberta as Chief Restructuring Officer with authority to, among other things, arrange for the completion and sale of Phase 1 and conduct a sales process for the entire Airport including all remaining Phase 1 lots. A Vesting Order from the Court will be sought to convey the Airport including all remaining lots, free and clear.

