



COURT FILE NUMBER 1603 20319

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE EDMONTON

DOCUMENT EIGHTH REPORT OF THE MONITOR
IN THE MATTER OF THE COMPANIES CREDITORS'
ARRANGEMENT ACT, R.S.C. 1985 c. C-36 AS AMENDED

AND IN THE MATTER OF THE PLAN OF COMPROMISE OR
ARRANGEMENT OF PARKLAND AIRPORT DEVELOPMENT
CORPORATION

DATED FEBRUARY 20, 2018

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Introduction

1. On November 29, 2016 (the "Filing Date"), Parkland Airport Development Corporation (the "Company") made application to the Court of Queen's Bench of Alberta (the "Court") for an Initial Order (the "Initial Order") under the *Companies Creditors' Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA"). Deloitte Restructuring Inc. ("Deloitte") was appointed as Monitor (the "Monitor") in the CCAA proceedings.
2. The Initial Order provided for an initial stay of proceedings until December 28, 2016 (the "Initial Stay").
3. On December 15, 2016, the Company made an application, *inter alia*, to the Court for an Order extending the stay granted in the Initial Order, until February 28, 2017. The Honourable Mr. Associate Chief Justice J.D. Rooke granted an Order (the "First Extension Order") extending the stay until February 28, 2017 (the "Stay").
4. On February 27, 2017, the Company made an application, *inter alia*, to the Court for an Order extending the stay granted in the Initial Order until September 15, 2017. The Honourable Mr. Justice S.D. Hillier granted an Order (the "Second Extension Order") extending the Stay until September 15, 2017.
5. The Second Extension Order also directed that, within 30 days of the date of the Second Extension Order, the Chief Restructuring Officer ("CRO") call a meeting of creditors and other affected parties to address the selection of a creditors' committee, the alternatives as described in the report of the CRO filed with this Honourable Court on February 16, 2017, and any other matters the CRO saw fit.
6. On May 2, 2017 (the "May 2nd Order"), the Court directed, *inter alia*, that the Company distribute to the market, a tender package for completion of the Phase I work as outlined previously in the Chief Restructuring Officer's Reports. The Court empowered the Company to proceed with a simultaneous process for the sale of the remaining lots in Phase I and the entire airport, including all lands owned by the Company. In addition, the limitation periods for pursuing potentially preferential or under value transactions were suspended and tolled until November 1, 2017.
7. The sale process closed on September 1, 2017, and no acceptable offers were received by the Company under the sale process. On September 13, 2017, the Company applied to this Court for an extension of the stay of proceedings to November 3, 2017 (the "Third Extension Order"), which was granted.
8. On November 1, 2017, the Company made an application to the Court and was granted an Order (the "Fourth Extension Order") extending the stay of proceedings to February 28, 2018. The Fourth Extension Order further authorized an increase in interim financing to the Company of \$400,000, for total authorized interim financing of \$1,000,000. The Company was also directed to execute a consent order authorizing a secured creditor to put the Parkland Lands for sale through a foreclosure process with such consent order not to be used until the earlier of the passage of one year, the Monitor issuing a notice of a material adverse

change, or until determined by the Court. The CRO was directed to call an informal meeting of creditors on or before January 20, 2018.

9. On November 1, 2017, the Court granted an Order (the "Suspension and Tolling Order") suspending and tolling the limitation periods applicable to the Monitor and creditors of the Company with respect to potentially challenging the Questioned Transactions until February 28, 2018.
10. Capitalized terms not otherwise defined herein have the meanings given to them in reports previously filed with the Court by the Monitor and CRO and by previous Court Orders in these proceedings.
11. Information on the CCAA proceedings can be accessed on Deloitte's website at www.insolvencies.deloitte.ca under the link "Parkland Airport Development Corporation" (the "Monitor's Website").

Notice to reader

12. In preparing this report, the Monitor 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 Monitor has not performed an independent review or audit of the information provided.
13. Certain of the information referred to herein consists of financial forecasts and/or projections. The financial forecasts included in this report are the responsibility of management ("Management") for the Company. Management's responsibility extends beyond ensuring that the individual assumptions used to prepare the financial forecasts are appropriate in the circumstances and to ensuring that the assumptions as a whole are appropriate. While the Monitor has reviewed the information, the Monitor has not performed an audit or other verification of such information. The Monitor expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in the financial forecasts, or relied upon by it in reporting on the financial forecasts. Future oriented financial information included in this report is based upon Management's assumptions regarding future events. Actual results achieved may vary and these variations may be material.
14. The Monitor 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.
15. All amounts included herein are in Canadian dollars unless otherwise stated.

Purpose of this report

16. This is the Eighth Report of the Monitor (the "Eighth Report").
17. The purpose of the Eighth Report is to:
 - 17.1. Provide an update on the Monitor's activities;
 - 17.2. Provide an update on the Company's restructuring efforts and sale process;
 - 17.3. Provide the Monitor's position with respect to the Company's request for a further eight month extension of the stay of proceedings; and;
 - 17.4. Provide the Monitor's position with respect to extending the tolling period for a further eight months in the event the Stay is also extended for a further eight months.

Monitor's Activities

18. The Monitor continues to post information with respect to these proceedings to the Monitor's Website, including all materials circulated by the Company in these proceedings. The Monitor will continue to make regular updates to the Monitor's Website to ensure that creditors and interested parties have access to all available information in these proceedings.
19. The Monitor reports that it has attended various meetings and had discussions with Management, the Company's legal counsel and the CRO to discuss the progress of the Company's sale process and in developing a plan of compromise or arrangement, including the informal meeting of creditors held on January 8, 2018.
20. The Monitor continues to monitor the Company's cash flow projections and the Company's business and financial affairs during the Stay.

Update on Restructuring Efforts and Sale Process

21. Since the Fourth Extension Order, the CRO held the informal creditor meeting as directed in the Fourth Extension Order and had further discussions with the Company and its creditors to seek input on a viable plan of arrangement or compromise.
22. As detailed in the CRO's reports to the Court, four restructuring alternatives have been considered and canvassed broadly with creditors. The merits and outcomes of the restructuring alternatives have been opined upon in detail in the CRO's reports and are listed below:
 - 22.1. Completion of construction of Phase 1 of the Airport;

- 22.2. Conducting a simultaneous sale process;
 - 22.3. Sale by way of payment in kind of airport lots to creditors and mortgage over the Airport and cash to smaller creditors;
 - 22.4. Blanket mortgage to replace existing encumbrances with creditors participating pro rata according to their claim amounts.
23. To date, the sale process has not yielded any acceptable offers and the other restructuring alternatives have failed to gain the support of the Company's creditors and in particular, the mortgagees. The Monitor has been advised that a potential investor has expressed interest in the airport as recent as two weeks ago, but no formal offer has been received by the CRO.
24. The Monitor understands that the CRO is seeking its discharge, that the Stay be lifted as it relates to the mortgagees, and that the Stay be extended for a further eight months to preserve whatever residual value may remain after the mortgagees complete their foreclosure proceedings, such that a Plan of Arrangement may be filed at that time.
25. In general, the Monitor does not have serious concerns about the relief being requested by the Company. If the Stay were extended for an eight month period, the Monitor would be required to continue monitoring the business operations of the Company.
26. The Monitor is concerned with the ongoing costs associated with the monitoring of the Company's business operations and how these costs would ultimately be paid. If the Court is inclined to grant an extension of the Stay, the Monitor respectfully requests that the matter of the ongoing costs be addressed.
27. In addition, the Suspension and Tolling Order further suspended and tolled limitation periods with respect to Questioned Transactions until February 28, 2018. At the time the Order was granted, it was uncertain if the time and expense of an exhaustive review of the Questioned Transactions would be warranted given the uncertainty of recovery to creditors. This uncertainty remains. Should the Court be inclined to extend the Stay, the Monitor respectfully requests a corresponding extension to the suspension and tolling of limitation periods with respect to the Questioned Transactions.

Conclusions and Recommendations

28. The CRO recommends that the Stay be extended for a further eight months and the Monitor acknowledges that there may be potential residual value, after completion of the foreclosure process. The Monitor does not believe that the unsecured creditors will be materially prejudiced if the Stay were further extended. The Monitor is however concerned with the ongoing costs associated with the monitoring the business activities of the Company and how these costs would be paid ongoing.

All of which is respectfully submitted this 20th day of February, 2018.

DELOITTE RESTRUCTURING INC.,
In its capacity as Court-appointed Monitor in
re: the plan of compromise or arrangement of
Parkland Airport Development Corp.
and not in its personal capacity



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