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COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

EDMONTON

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TENTH 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 NOVEMBER 30, 2018

**ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
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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 Court 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 until September 15, 2017. The Court 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, to consider the alternatives 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. On September 13, 2017, the Company applied to this Court for an extension of the Stay 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 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 market 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. On February 26, 2018, the Court granted three Orders:
 - 10.1. an extension Order (the "**Fifth Extension Order**") extending the Stay to the close of business, October 19, 2018. Notwithstanding the extension, the Stay was lifted by the Court to allow the First Mortgagee, to proceed with its foreclosure proceedings. The CRO was also discharged by the Fifth Extension Order.
 - 10.2. a tolling Order (the "**Second Suspension and Tolling Order**") extending the suspension and tolling of the limitation periods applicable to the Monitor and creditors of the Company with respect to potentially challenging the Questioned Transactions until October 28, 2018.
 - 10.3. a redemption Order (the "**Consent Redemption Order**") confirming the mortgage indebtedness to the First Mortgagee and permitting the judicial listing of the mortgaged lands of the Company.
11. On October 2, 2018 the Court granted an Order which:
 - 11.1. extended the Stay (the "**Sixth Extension Order**") until December 31, 2018;

- 11.2. extended the suspension and tolling (the "**the Third Suspension and Tolling Order**") of the limitation periods applicable to the Monitor and creditors of the Company with respect to potentially challenging the Questioned Transactions until December 31, 2018; and
- 11.3. adjourned the application of 1791961 AB Ltd. (Sunset Industries Ltd.) until December 31, 2018.
12. 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.
13. 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

14. 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.
15. 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 ensure 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.

16. 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.
17. All amounts included herein are in Canadian dollars unless otherwise stated.

Purpose of this report

18. The purpose of this tenth report of the Monitor (the "**Tenth Report**") is to provide the Court with:
 - 18.1. an update on the Monitor's activities;
 - 18.2. an update on the Company's restructuring efforts and sale process;
 - 18.3. the Monitor's position with respect to the New First Mortgagee's application for a further extension of the stay of proceedings; and;
 - 18.4. the Monitor's position with respect to extending the tolling period in the event the stay of proceedings is extended.

Monitor's Activities

19. 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.
20. The Monitor continues to attend various meetings and discussions with Management, the Company's legal counsel and the former CRO to discuss the progress of the Company's sale process, which is now under a judicial listing.
21. The Monitor has requested, but has not received the Company's cash flow projections and monitoring reports since September 10, 2018, covering the Company's business and financial affairs during these CCAA proceedings. The Monitor will continue to request the materials for the monitoring program from the Company.

22. The Monitor understands that minimal operations are taking place and any expenditures have been and will be reviewed by the First Mortgagee or the New First Mortgagee, as the case may be, as providers of the funding to sustain the Company's critical operations.

Update on Restructuring Efforts and Sale Process

23. Pursuant to the Consent Redemption Order, the Company's lands have been judicially listed for sale with a realtor. To date, the Company has received some interest from its judicial listing; however, no offers have been presented.

24. As stated in the Monitor's Ninth Report, the First Mortgagee was formulating a proposal to bring the foreclosure proceedings to a conclusion, which would also conclude these proceedings.

25. On November 27, 2018, 2155734 Alberta Ltd. (the "**New First Mortgagee**") closed a transaction with the First Mortgagee and acquired the first mortgage position of the First Mortgagee.

26. On November 28, 2018, the Monitor's legal counsel was advised by the New First Mortgagee's legal counsel that the New First Mortgagee intends to acquire all of the Company's assets and undertakings by way of credit bid and other consideration (the "**Credit Bid**"). The New First Mortgagee has also retired the outstanding property taxes and arrears owed by the Company.

27. The Monitor's legal counsel has been advised that the New First Mortgagee requires additional time to formulate the transaction and bring proper materials before the Court, and that the Sixth Extension to December 31, 2018, will be insufficient time to do so. As a result, the New First Mortgagee is seeking an extension of the Stay to February 15, 2019.

Extension of Stay and Tolling Agreement

28. The Monitor understands that the New First Mortgagee, with the Company's support, is seeking an extension of the stay to February 15, 2019, in order to allow sufficient time for the New First Mortgagee to prepare its Credit Bid.

29. While the Monitor notes that the Company has minimal funds on hand, and that professional fees continue to accumulate, the New First Mortgagee has agreed to pay for any reasonable

operational cash shortfalls during the extension period. The advanced funds will be added to the mortgage balance to maintain critical operations of the Company for the duration of the requested extension.

30. The Monitor agrees that a further short extension of the stay is appropriate for the following reasons:

30.1 the New First Mortgagee has agreed to fund reasonable operational cash shortfalls for the duration of the extension;

30.2 there appears to be a reasonable likelihood that the New First Mortgagee's Credit Bid can be finalized if a short extension is granted;

30.3 the Company has acted, and is acting, in good faith; and with due diligence; and

30.4 no creditor would be materially prejudiced if the requested extension is granted.

31. In the event the Court grants an extension of the Stay, the Monitor is of the position that it would be appropriate to also extend the Suspension and Tolling Order to February 15, 2019, covering the same period as that of the extended Stay.

Conclusions and Recommendations

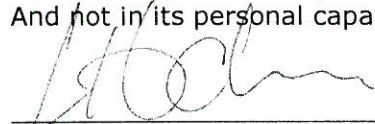
32. Accordingly, the Monitor respectfully recommends that this Honourable Court approve:

- 32.1 an extension of the stay of proceedings to February 15, 2019, to provide the New First Mortgagee with a reasonable period of time to finalize its Credit Bid; and
- 32.2 an extension of the suspension and tolling of the limitation periods applicable to the Monitor and creditors of the Company with respect to potentially challenging the Questioned Transactions to February 15, 2019.

All of which is respectfully submitted this 30th day of November, 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



Garrett Chan, CIRP, LIT
Vice-President