

COURT FILE NUMBER Q.B. No. 61 of 2018

COURT COURT OF QUEEN'S BENCH OF SASKATCHEWAN

JUDICIAL CENTRE SWIFT CURRENT

PLAINTIFF/APPLICANTS **INNOVATION CREDIT UNION**

DEFENDANTS/RESPONDENTS **SWIFT HOTELS GROUP LTD., BRIAN OSTRANDER, OSTRANDER FAMILY HOLDINGS LTD., PHILIP KRAUN, PRIMEWEST MORTGAGE INVESTMENT CORPORATION, SWIFT MOTEL LTD., and BRUNSDON LAWREK & ASSOCIATES**

DOCUMENT **SECOND REPORT OF DELOITTE RESTRUCTURING INC., IN ITS CAPACITY AS COURT APPOINTED INTERIM RECEIVER OF SWIFT HOTELS GROUP LTD.**

November 14, 2019

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

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INTRODUCTION

1. On September 20, 2019 (the “**Date of Appointment**”), Deloitte Restructuring Inc. was appointed as Interim Receiver (the “**Interim Receiver**”), without security, of all the assets, undertakings, and properties (the “**Property**”) acquired for, or used in relation to the business carried on by Swift Hotels Group Ltd. (“**Swift Hotels**” or the “**Company**”), specifically including the lands legally described as Surface Parcel #144225750 Blk/Par A, Plan No DX1385 Extension 0 (the “**Swift Current Hotel**”), pursuant to an Order of the Court of Queen’s Bench for Saskatchewan (the “**Court**”) dated September 20, 2019 (the “**Interim Receivership Order**”). A copy of the Interim Receivership Order and other information regarding the interim receivership proceedings can be accessed at www.insolvencies.deloitte.ca/en-ca/SwiftGroup (the “**Interim Receiver’s Website**”).
2. The Interim Receivership Order empowered, but did not obligate the Interim Receiver to, among other things, where the Interim Receiver considered it necessary or desirable:
 - (a) Receive, preserve, protect and maintain control of the Property;
 - (b) Report to, meet with, and discuss with such affected Persons (as defined in the Interim Receivership Order) as the Interim Receiver deems appropriate;
 - (c) Utilize money borrowed by the Interim Receiver to fund payment of the employee payroll obligations, wages, salaries, rent, insurance, utilities and other obligations determined by the Interim Receiver to be integral to the preservation of the Property; and
 - (d) Report to the Court and the creditors of Swift Hotels regarding the status of the business and financial affairs of the Company, including its assets, liabilities, accounts payable and other matters deemed relevant by the Interim Receiver.
3. On October 18, 2019, pursuant to an application filed by Innovation Credit Union

(“**Innovation**”), the Court granted an order extending the Interim Receivership Order to and including November 29, 2019 (the “**Interim Receivership Extension Order**”). The Interim Receivership Extension Order is attached hereto as Exhibit A.

4. The purpose of this report (the “**Second Report**”) is to inform the Court as to the following:
 - (a) The status of various aspects of the interim receivership proceedings since the filing of the Interim Receiver’s first report dated October 15, 2019 (the “**First Report**”);
 - (b) The results of the Interim Receiver’s bank account review (the “**Bank Account Review**”) (as further detailed in the First Report) for the period May 1, 2019 to September 19, 2019 (the “**Review Period**”);
 - (c) The Company’s actual operating results for the period October 12, 2019 to November 10, 2019; and
 - (d) The Interim Receiver’s comments on the Company’s operating facility availability and liquidity position.
5. As a result of the forgoing, and as further detailed below, the Interim Receiver is requesting and/or recommending that the Court approve the activities of the Interim Receiver since the filing of the First Report.

TERMS OF REFERENCE

6. In preparing this Second Report, the Interim Receiver has relied upon unaudited financial information, other information available to the Interim Receiver and, where available and appropriate, Swift Hotels’ books and records and discussions with various parties.
7. The financial information of the Company has not been audited, reviewed or otherwise verified by the Interim Receiver as to its accuracy or completeness, nor has it necessarily been prepared in accordance with generally accepted accounting

principles and the reader is cautioned that this Second Report may not disclose all significant matters about the Company or its financial position. Additionally, none of the Interim Receiver's procedures were intended to disclose defalcations or other irregularities. If the Interim Receiver were to perform additional procedures or to undertake an audit examination of the financial statements in accordance with generally accepted auditing standards, additional matters may have come to the Interim Receiver's attention. Accordingly, the Interim Receiver does not express an opinion nor does it provide any other form of assurance on the financial or other information presented herein. The Interim Receiver may refine or alter its observations as further information is obtained or brought to its attention after the date of this Second Report.

8. The Interim Receiver has prepared this Second Report in connection with paragraph 3(f) of the Interim Receivership Order. The Interim Receiver 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 Second Report. Any use which any party makes of this Second Report, or any reliance or decision to be made based on this Second Report, is the sole responsibility of such party.
9. Unless otherwise stated, all monetary amounts contained in this Second Report are expressed in Canadian dollars.
10. Capitalized terms used in this Second Report but not defined herein are as defined in the Interim Receivership Order and the First Report.

ACTIVITIES OF THE INTERIM RECEIVER SINCE THE FIRST REPORT

11. Since the First Report, the Interim Receiver has undertaken the following activities:
 - (a) Monitored on a daily basis the receipts and disbursements of the Swift Current Hotel which included daily reviews of the following:
 - (i) Bank activity and closing cash (overdraft) balances;

- (ii) 30-day occupancy forecasts;
 - (iii) Hotel guest ledgers;
 - (iv) Corporate accounts receivable balances;
 - (v) Revenue summaries by source, room type, and rate plan;
 - (vi) Hotel statistics reporting; and
 - (vii) Detailed transaction (payment) totals;
- (b) Corresponded with Swift Hotels management (“**Management**”), creditors, shareholders, and other stakeholders of the Company;
 - (c) Completed the Bank Account Review for the Review Period;
 - (d) Corresponded with Innovation and its legal counsel, Olive Waller Zinkhan Waller LLP (“**OWZW**”) with respect to the status of the interim receivership proceedings; and
 - (e) Prepared, reviewed, and finalized this Second Report.

BANK ACCOUNT REVIEW

12. As detailed in the First Report, at the request of Innovation, the Interim Receiver has undertaken a Bank Account Review of the daily activity in accounts maintained by the Company at Royal Bank of Canada (“**RBC**”) (the “**RBC Account**”), Innovation (the “**Innovation Account**”), and The Toronto-Dominion Bank (“**TD**”) (the “**TD Account**”) during the Review Period. The primary concern of Innovation was that net receipts from the Swift Current Hotel were being used to fund operations at certain related hotel properties under the control of Brian Ostrander (“**Mr. Ostrander**”), President of Swift Hotels. More specifically, Innovation expressed a concern that receipts may have been diverted to fund operations at 1764239 Alberta Ltd. (operating as a Clarion Hotel in Medicine Hat, Alberta) (the “**Clarion Property**”), and 1885731 Alberta Ltd. (operating as Super

8 Hotel in Airdrie, Alberta) (the “**Super 8 Property**”) (collectively the “**Alberta Properties**”).

13. The results of the Bank Account Review are attached hereto as Exhibit B (individually referred to as “**Schedule 1**”, “**Schedule 2**”, and “**Schedule 3**”, and collectively the “**Schedules**”). The Interim Receiver’s review in no way constitutes an audit in accordance with Generally Accepted Auditing Standards, nor does it constitute a forensic investigation. The Interim Receiver’s review was not designed to identify all circumstances of inappropriate behavior or other irregularities, if any, which may exist. For the purpose of the Schedules, the Interim Receiver has made no attempt to independently corroborate the information received from Swift Hotels, and has assumed that the documents, representations, and other information provided by Phil Krahn (“**Mr. Krahn**”) (Chief Financial Officer of Odyssey Hotels Group (“**Odyssey**”) which provides accounting support to Swift Hotels) and Mr. Ostrander are reliable and complete. The Interim Receiver expresses no opinion as to whether the information presented in the Schedules is sufficient to establish any wrongdoing. Furthermore, the Interim Receiver reserves the right, but will be under no obligation, to review the Schedules, and revise same in the event of any information which becomes known to the Interim Receiver after the date of this Second Report.
14. As detailed in Exhibit B (Schedule 1), during the Review Period approximately \$1.6 million was disbursed from the Swift Current Hotel bank accounts (approximately \$1.3 million from the RBC Account, approximately \$0.25 million from the Innovation Account, and approximately \$0.05 million from the TD Account).
15. Mr. Ostrander and Mr. Krahn both advised the Interim Receiver that during the Review Period, certain of the operating expenses of the Alberta Properties were funded by the Swift Current Hotel, given the liquidity issues being faced by the Alberta Properties. In the absence of performing a detailed transaction/invoice review, the Interim Receiver has not been able to determine the exact quantum of payments made by the Swift Current Hotel on behalf of the Alberta Properties.

However, as detailed in Exhibit B (Schedule 2 (Note 7)), approximately \$59,000 was paid to a Capital One credit card (which Management represented was used primarily for the Clarion Property and the Swift Current Hotel), and approximately \$22,000 was paid to a Walmart credit card (which Management represented was used primarily for the Super 8 Property) from the RBC Account. Further payments of \$5,200 and \$2,000 were made to the Capital One and Walmart credit cards from the TD Account (Exhibit B (Schedule 4) (Note 2)) and Innovation Account (Exhibit B (Schedule 3) (Note 11)) respectively.

16. As further detailed in Exhibit B (Schedule 2 (Note 19)), approximately \$15,000 was transferred directly to the Clarion Property from the RBC Account, which Management advised was necessary to cover operating cash shortfalls at the property.
17. Further to the credit card payments and direct transfers, as detailed in Exhibit B (Schedule 2 (Note 8)), approximately \$55,000 was paid from the RBC Account to Burnett Duckworth and Palmer LLP (“**Burnett Duckworth**”), legal counsel representing Mr. Ostrander and the Alberta Properties with respect to certain litigation proceedings pertaining to Innovation. An additional payment to Burnett Duckworth of \$103,000 was drawn on the RBC Account in May 2019, but the payment was returned as there were insufficient funds in the account to clear same.
18. In addition to the legal fees and operating costs paid on behalf of the Alberta Properties during the Review Period, certain disbursements made from the Swift Current Hotel funds were paid to, or were used for the benefit of, other companies related to Mr. Ostrander. In particular, the Interim Receiver noted the following payments:
 - (a) Odyssey – approximately \$91,000 from the RBC Account and approximately \$5,000 from the Innovation Account as detailed in Exhibit B (Schedule 2 (Note 3) and Schedule 3 (Note 8), respectively)
 - (i) As detailed above (and in the First Report), Mr. Krahn is the Chief

Financial Officer of Odyssey which provides back office accounting support for the Swift Current Hotel and Alberta Properties (the “**Accounting Support**”). Management advised that the payments to Odyssey comprised the following: fee payments for Accounting Support of approximately \$61,500 (accruing at \$15,000 per month); transfers to Odyssey for investment in a TD investment account (the “**Odyssey TD Investment Account**”) allegedly for the benefit of Swift Hotels of approximately \$26,500 (further discussed below); and intermediary payments to Odyssey to facilitate transfers of funds between the RBC Account and the Innovation Account of approximately \$8,000.

- (b) Swift Hotels SC Group (the “**SC Group**”) and Swift Hotels Partnership (the “**Partnership**”) – approximately \$25,000 (net) as detailed in Exhibit B (Schedule 1 (Notes 3 and 5))
 - (i) According to Management the SC Group was incorporated to pursue the construction of a new Best Western hotel property in Swift Current, and the Partnership (owned by Praveen Josi (“**Mr. Josi**”), co-founder of Canadian Hospitality Doctors Inc., property manager for the Swift Current Hotel) was created to raise capital and attract investors interested in property development. In the aggregate, approximately \$75,000 was advanced from the RBC Account to the SC Group and the Partnership during the Review Period to secure franchising rights, commission appraisals, and promote the proposed Best Western development. Approximately \$50,000 was paid back from the Partnership to the Swift Current Hotel during the Review Period.
- (c) Golden West Broadcasting Ltd. (“**Golden West**”) – approximately \$45,000 from the RBC Account and approximately \$17,000 from the Innovation Account as detailed in Exhibit B (Schedule 2 (Note 12) and

(Schedule 3 (Note 4), respectively)

- (i) Management advised that payments made to Golden West primarily related to advertising expenses incurred for promoting the Partnership to prospective investors.
 - (d) Ownership draws and remuneration – approximately \$48,000 as detailed in Exhibit B (Schedule 2 (Note 18))
 - (i) Management advised that various draws and payments were made to Mr. Ostrander and associates/family members during the Review Period.
19. Based on the Bank Account Review, it appears that certain of the Swift Current Hotel funds were used to support the Alberta Properties and other related entities/parties during the Review Period. The results of the review have been discussed with Innovation, and as the date of this Second Report, Innovation has not requested the Interim Receiver to extend its review prior to May 1, 2019.

TD INVESTMENT ACCOUNTS

20. As a result of the Bank Account Review, the Interim Receiver became aware of a TD investment account in the name of Swift Hotels (account 06HWJ6) (the “**Swift Hotels TD Investment Account**”). As at May 1, 2019, the Swift Hotels TD Investment Account held shares in two publicly traded companies: Chesapeake Energy Corp (“**CHK**”) (4,736 shares) with a market value of approximately \$13,782; and Surge Energy Inc. (“**SGY**”) (19,354 shares) with a market value of approximately \$21,096. During the Review Period, Management sold certain of the SGY shares and acquired additional shares of CHK. No additional funds were transferred to the Swift Hotels TD Investment Account during the Review Period based on the account statements. On September 17, 2019, all the residual SGY and CHK shares were liquidated, and approximately \$32,000 was withdrawn from the Swift Hotels TD Investment Account and deposited into the TD Account. That same day, approximately \$30,000 was

transferred from the TD Account to the Odyssey TD Investment Account.

21. As detailed above, a further \$26,500 was transferred from the RBC Account to the Odyssey TD Investment Account during the Review Period. The Interim Receiver has requested further supporting records detailing the balance and composition of the Odyssey TD Investment Account, however, as at the date of this Second Report, Management has not provided any supporting details.
22. On September 25, 2019, the Interim Receiver was advised by OWZW that during discussions between Mr. Ostrander and Innovation in May 2019, Mr. Ostrander's legal counsel, Burnet Duckworth, provided OWZW with a screenshot of a TD investment account summary (the "**TD Screenshot**") detailing a US margin investment account with a balance of approximately USD \$109,000 (the "**US Margin Account**"). The TD Screenshot is attached hereto as Exhibit C. The TD Screenshot appears to suggest an account number of 287XB4F for the US Margin Account, however no account name is detailed on the TD Screenshot.
23. The Interim Receiver has raised the TD Screenshot with Mr. Krahn, and Mr. Krahn has represented that the image was likely of the Odyssey TD Investment Account, but advised that he needed to speak with Mr. Ostrander to confirm. As at the date of this Second Report, the Interim Receiver has not been provided with any further commentary or support from Mr. Ostrander or Mr. Krahn for the TD Screenshot.

OPERATIONS

24. Since the First Report, the Company has continued to operate the Swift Current Hotel in the ordinary course, and all twenty-eight (28) employees remain employed by the Company.
25. As at the date of this Second Report, the Company has been able to fund payroll and general operating costs with the receipts collected from ongoing operations, and the Interim Receiver has not received any requests from the Company to borrow funds under the Court approved Interim Receiver's Borrowing Charge for

preservation of the Property or for ongoing operations.

26. As detailed in the First Report, Swift Hotels consented to the extension of the interim receivership as the Company was in the process of drafting a plan and/or settlement arrangement for consideration by Innovation. As at the date of this Second Report, Innovation has not been provided with any proposal from the Company.
27. Since the filing of the First Report, the Company has generally cooperated with the Interim Receiver and has provided most information being requested as it relates to the Swift Current Hotel.
28. As at the date of this Second Report, the Interim Receiver has not borrowed any funds as provided for by the Interim Receivership Order. Accordingly, the full amount of \$250,000 remains to be drawn upon if required to preserve the Property of the Company.

CASH FLOW FORECAST AND LIQUIDITY

29. The Company's actual cash receipts and disbursements for the period October 12, 2019 to November 10, 2019 are attached hereto as Exhibit D (as compared with the Updated Cash Flow Forecast attached as Exhibit H to the First Report).
30. The Interim Receiver has conducted weekly reviews of the Company's actual cash flow compared to the Updated Cash Flow Forecast. The Interim Receiver's comments on the actual cash flows to November 10, 2019 are as follows:
 - (a) Compared with the Updated Cash Flow Forecast, Swift Hotels experienced a favourable variance of approximately \$3,000 in respect of the net cash flows.
 - (b) The variance is primarily attributable to the following:
 - (i) \$5,000 favourable cash receipts variance compared to the forecast due primarily to increased occupancy (approximately \$18,000), offset by lower than expected collections of corporate accounts

receivable (approximately \$13,000); and

- (ii) \$2,000 unfavourable cash disbursements variance compared to the forecast due primarily to the continued deferral of payroll tax, property tax, provincial sales tax (“PST”), and goods and services tax (“GST”) arrears (approximately \$55,000), offset by unbudgeted utility costs (approximately \$20,000), signage costs (approximately \$9,000), legal fees (approximately \$7,000), cash advance repayments (approximately \$7,000), bank/credit card charges (approximately \$7,000), and various other operating costs (approximately \$3,000).

- 31. As of the date of this Second Report, Swift Hotels has been able to manage its cash flow needs from revenue derived from ongoing operations. However, the Company has not been able to make any payments against the significant arrears owing to Canada Revenue Agency (“CRA”) for payroll source deductions (approximately \$0.5 million), to CRA for GST (approximately \$0.2 million), to the Government of Saskatchewan for PST (approximately \$0.1 million), or to the City of Swift Current for property taxes (approximately \$0.7 million). Swift Hotels has also not been able to make any payments on its outstanding loan obligations owing to Innovation (approximately \$10.6 million).

INTERIM RECEIVER’S RECOMMENDATIONS AND CONCLUSIONS

- 32. Based on the above, the Interim Receiver respectfully requests that the Court approve the activities of the Interim Receiver since the filing of the First Report.
- 33. Given the results of the Bank Account Review, it appears that during the Review Period, certain of the earnings from the Swift Current Hotel were used to fund operations at the Alberta Properties, were used in support of other entities related to Mr. Ostrander, and were transferred to the Odyssey TD Investment Account. The results of the Bank Account Review appear to support the concerns expressed by Innovation that certain of the Swift Current Hotel earnings were being diverted and were not being applied to reduce the debt obligations owing to Innovation by

Swift Hotels.

All of which is respectfully submitted this 14th day of November 2019.

DELOITTE RESTRUCTURING INC.

In its capacity as Interim Receiver of
Swift Hotels Group Ltd.,
and not in its personal capacity.



Per: Brent Warga, CPA, CA, CIRP, LIT
Senior Vice-President

Exhibit A – Interim Receivership Extension Order

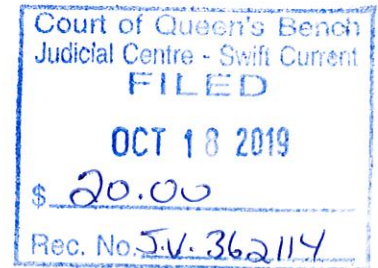
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COURT OF QUEEN'S BENCH FOR SASKATCHEWAN

JUDICIAL CENTRE SWIFT CURRENT

PLAINTIFF / APPLICANT INNOVATION CREDIT UNION

DEFENDANTS /
RESPONDENTS SWIFT HOTELS GROUP LTD., BRIAN OSTRANDER,
OSTRANDER FAMILY HOLDINGS LTD., PHILIP KRAUN,
PRIMEWEST MORTGAGE INVESTMENT CORPORATION,
SWIFT MOTEL LTD., and BRUNSDON LAWREK & ASSOCIATES



IN THE MATTER OF THE INTERIM RECEIVERSHIP OF SWIFT HOTELS GROUP LTD.

ORDER

(Application for Extension Order)

Before the Honourable Mr. Justice R.S. Smith in chambers the 18th day of October, 2019.

On the application of Randall M. Sandbeck, Q.C., lawyer on behalf of the applicant, Innovation Credit Union, and on reading the Notice of Application with proof of service thereof, the Supplementary Affidavit of Bradley Appel sworn October 9, 2019, the Interim Receivership Order of the Honourable Justice R.S. Smith dated September 20, 2019 (the "Interim Receivership Order"), and the First Report by the Interim Receiver, Deloitte Restructuring Inc., all filed:

The Court orders:

1. The Interim Receivership Order shall be and is hereby extended to 11:59 p.m. on Friday, November 29, 2019.
2. The activities of the Interim Receiver, as described in the First Report of the Interim Receiver dated October 15, 2019, shall be and are hereby approved by the Court.

ISSUED at Swift Current, Saskatchewan, this 18th day of October, 2019.




Local Registrar

CONTACT INFORMATION AND ADDRESS FOR SERVICE

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TO: ALL PARTIES ON THE ATTACHED SERVICE LIST

Exhibit B – Historical Bank Account Review for the Period May 1, 2019 to September 19, 2019

DISCLAIMER

Swift Hotels Group Ltd. Bank Account Review For the Period May 1, 2019 to September 19, 2019

Background

At the request of Innovation, the Interim Receiver has undertaken a Bank Account Review of the daily activity in accounts maintained by the Company at Royal Bank of Canada ("RBC"), The Toronto-Dominion Bank ("TD"), and Innovation over the period May 1, 2019 to September 19, 2019. The primary concern of Innovation was that earnings from the Swift Current Hotel were being used to fund operations at certain related hotel properties under the control of Brian Ostrander ("Mr. Ostrander"), President of Swift Hotels, and in particular, 1764239 Alberta Ltd. (operating as a Clarion Hotel in Medicine Hat, Alberta), and 1885731 Alberta Ltd. (operating as Super 8 Hotel in Airdrie, Alberta).

Restrictions on Use and Distribution

The following schedules (individually "Schedule 1", "Schedule 2", or "Schedule 3", and collectively the "Schedules") have been prepared based on a review of the RBC, TD, and Innovation bank statements and discussions with Mr. Ostrander and Phil Krahn ("Mr. Krahn"), Chief Financial Officer of Odyssey Hotels Group. The Bank Account Review in no way constitutes an audit in accordance with Canadian Generally Accepted Auditing Standards, nor does it constitute a forensic review. Therefore, the Interim Receiver does not express any opinion on the Schedules.

The Schedules are intended for information purposes only and solely for the use by Innovation. The Schedules are not intended to be and should not be used by any other person or entity. No other person is entitled to rely, in any manner, or for any purpose, on these Schedules. The Interim Receiver does not accept or assume any liability or duty of care for any other purpose or to any other person or entity.

The Interim Receiver's Bank Account Review was not designed to identify all circumstances of inappropriate behavior or other irregularities, if any, which may exist. For the purpose of the Schedules, the Interim Receiver has made no attempt to independently corroborate the information received from Swift Hotels, and has assumed that the documents, representations, and other information provided by Mr. Krahn and Mr. Ostrander are reliable and complete. The Interim Receiver expresses no opinion as to whether the information presented in the Schedules is sufficient to establish any wrongdoing. Furthermore, the Interim Receiver reserves the right, but will be under no obligation, to review the Schedules, and revise same in the event of any information which becomes known to the Interim Receiver after the date of the Second Report.

SCHEDULE 1

Swift Hotels Group Ltd.
Summary of Daily Receipts & Disbursements
May 1, 2019 to September 19, 2019

	Notes	RBC Account	Innovation Account	TD Account	Total
OPENING BANK BALANCES		\$ 1,232	\$ (354,895)	\$ 68	\$ (353,595)
RECEIPTS					
Credit Card Payments					
American Express		27,390	-	-	27,390
MasterCard/Visa		999,041	-	-	999,041
AR Collections	1	37,202	1,744	-	38,947
Other Receipts/Cash Deposits					
Cheques		-	-	-	-
Deposits		84,114	241,202	14,752	340,068
E-Transfers		8,000	13,485	-	21,485
Federated Cash	2	75,000	-	-	75,000
Payroll Deposit		1,991	-	-	1,991
Transfers	3	49,592	-	32,697	82,289
Total Receipts		<u>1,282,331</u>	<u>256,432</u>	<u>47,449</u>	<u>1,586,212</u>
DISBURSEMENTS					
Business Pre-Authorized Debits		(31,322)	(1,371)	-	(32,694)
Cash Withdrawals	4	(85,009)	(4,167)	-	(89,175)
Cheques		(376,476)	(117,675)	-	(494,151)
e-Transfers		(53,379)	(4,980)	(2,854)	(61,212)
Federated Cash		(46,500)	-	-	(46,500)
Insurance		-	(32,079)	-	(32,079)
Lease Payments		(8,013)	(14,026)	-	(22,040)
Misc. Payments		(47,601)	(62,485)	-	(110,086)
Online Payments		(340,473)	(2,000)	(5,200)	(347,673)
Payroll		(173,799)	-	-	(173,799)
Service Charges		(644)	(11,406)	(53)	(12,103)
Taxes		(5,457)	-	-	(5,457)
Transfers	5	(113,285)	-	(36,799)	(150,085)
Unknown		(418)	-	-	(418)
Total Disbursements		<u>(1,282,377)</u>	<u>(250,189)</u>	<u>(44,906)</u>	<u>(1,577,472)</u>
CLOSING CASH (Indebtedness)	6	<u>\$ 1,186</u>	<u>\$ (348,652)</u>	<u>\$ 2,611</u>	<u>\$ (344,855)</u>

Notes:

1 Balance contains payments deposited directly into Swift's RBC and Innovation accounts from various corporate customers.

2 Cash advances of \$25,000 and \$50,000 were received from Federated Cash on May 6 and July 30, respectively. Swift is repaying the loan in daily \$500 increments (Monday - Friday).

3 Six (6) transfers were received from the Swift Hotels Partnership over the review period and deposited in the RBC Account. The transfers to the TD Account were from the liquidation of certain shares held in the Swift Hotels TD Investment Account.

4 Management represented that cash withdrawals from the RBC Account were made to the following payees:

Odyssey Hotels Group (Management Fees / Investment)	\$ (44,509)
Burnett Duckworth and Palmer LLP	(35,000)
Brian Ostrander	(5,500)
	<u>\$ (85,009)</u>

5 Management represented that transfers from the RBC Account were made to the following payees:

Swift Hotels Partnership Group	\$ (75,000)
Burnett Duckworth and Palmer LLP	(20,000)
Wyndham Hotel Group Canada ULC - Days Inn	(10,473)
Robyn Taylor	(4,500)
Steve Meeks	(2,727)
Fritzie Rebato	(585)
	<u>\$ (113,285)</u>

A transfer totaling approximately \$30,000 from the TD Account was made to the Odyssey TD Investment Account.

6 Agreed to September 19, 2019 closing bank balance.

SCHEDULE 2

**Swift Hotels Group Ltd.
RBC Account Summary of Disbursements
May 1, 2019 to September 19, 2019**

Disbursements	# of Pmts	Total Amount	Notes
SHG Innovation - 60148	29	\$ (182,450)	1
Push Operations	9	(173,799)	2
Odyssey Hotels Group	39	(90,556)	3
S.CURRENT-TAXES	6	(90,000)	4
Swift Hotels Partnership Group	9	(75,000)	5
Sysco-Regina	12	(61,112)	6
Capital One	24	(59,226)	7
Burnett Duckworth and Palmer LLP	3	(55,000)	8
SWFT CURRNT-UTL	17	(53,895)	9
SK FIN-PR SL TX	4	(50,313)	10
Federated Cash	95	(46,500)	11
Golden West Broadcasting Ltd.	3	(45,000)	12
Days Inn - Canada	5	(30,740)	13
Wyndham Hotel Group Canada ULC - Days Inn	2	(23,415)	13
Walmart	16	(22,300)	7
MC & Visa Surcharge	10	(21,834)	14
Simmons Canada	1	(21,758)	15
SASKENERGY	9	(17,250)	16
SASKTEL	4	(16,777)	17
Alberta Maint.	4	(16,000)	18
Brian Ostrander	14	(16,000)	18
Clarion Hotel	3	(14,600)	19
Robyn Taylor	8	(7,000)	18
Roseanne Skovmose	8	(6,000)	18
Steve Meeks	1	(2,727)	18
Thomas Ostrander	1	(350)	18
Payees < \$10,000 (40 other vendors / individuals)	163	(82,774)	
Total Disbursements	499	\$ (1,282,377)	

Notes:

- 1** Disbursements made from Swift's RBC account to its Innovation account.
- 2** Payroll expense for employees of the Swift Current Days Inn (the "Days Inn").
- 3** Management advised that payments to Odyssey Hotels Group ("Odyssey") included payments of management and accounting fees for the Days Inn, the Airdrie Super 8 and the Medicine Hat Clarion (accruing at \$15,000/month) (approximately \$56,500), transfers to a TD Investment account for the benefit of Swift (\$26,500), and e-transfers initiated by Odyssey from Swift's RBC account to its Innovation account (\$8,000). Further details have been requested and are being compiled by Management with respect to the quantum of these payments.
- 4** Management represented these disbursements relate to property taxes for the Days Inn.
- 5** Management represented that Swift Hotels Partnership Group is an entity controlled by Praveen Joshi (Hospitality Doctors) which is focused on raising capital for existing and new (Best Western) properties and attracting investors.
- 6** Food services and guest supply expenses incurred for the Days Inn.
- 7** Personal credit cards of Brian Ostrander (Capital One) and Phil Krahn (Walmart). Management represented that these disbursements primarily relate to operational expenses incurred for the Airdrie Super 8 (Walmart), the Medicine Hat Clarion and the Days Inn (Capital One).

- 8** The Swift Hotels Group issued a \$103,000 cheque to Burnett Duckworth in May 2019 which was returned due to insufficient funds. Between June - September 2019, \$55,000 was paid to Burnett Duckworth.
- 9** Utility costs paid to the City of Swift Current related to the Days Inn.
- 10** PST remittances related to the Days Inn.
- 11** Swift received cash advances of \$25,000 and \$50,000 from Federated Cash on May 6 and July 30, respectively. Management has asserted that Swift is repaying the loan in daily \$500 increments (Monday - Friday).
- 12** Management represented that these disbursements relate to advertising expenses incurred for the purposes of promoting the Swift Hotels Partnership Group.
- 13** Days Inn franchise fees paid to the Canadian Entity (Days Inn Canada) and to the U.S. Entity (Wyndam).
- 14** Credit card processing fees.
- 15** New beds purchased for the Days Inn.
- 16** Energy costs for the Days Inn.
- 17** Telephone, television, and internet services for the Days Inn.
- 18** Management represented these disbursements, totaling \$48,077, related to ownership draws made by Brian Ostrander and associates/family.
- 19** Management represented these disbursements were made to the Clarion Hotel in Medicine Hat to meet cash flow shortfalls at that property.

SCHEDULE 3

**Swift Hotels Group Ltd.
Innovation Account Summary of Disbursements
May 1, 2019 to September 19, 2019**

Disbursements	# of Pmts	Total Amount	Notes
Days Inn - Canada	3	\$ (42,100)	1
Sysco Food Services	14	(36,327)	2
Great-West Life Assurance Co.	4	(18,799)	3
Golden West Broadcasting Ltd.	2	(16,668)	4
Western Financial Group	5	(13,280)	5
Innovation Credit Union	187	(11,406)	6
Canadian Hotel Supply	3	(7,871)	
Evans Bros H.H.B.C.	4	(6,258)	
Cintas Corporation	3	(6,050)	
Reimer LLP	2	(6,000)	
Ford Credit Canada	21	(5,142)	7
Odyssey Hotels Group	3	(4,980)	8
Blue Chip Leasing Corporation	5	(4,672)	
Chris King	3	(4,359)	9
Arlco Ltd.	2	(4,167)	10
Waste Management	4	(3,790)	
Gerry Tagasling	3	(3,354)	
Crescent Point Energy Corp	1	(3,228)	
Meridian OneCap Credit Corp.	6	(3,123)	
Patrick Estabrooks	2	(2,940)	
Walmart MasterCard	1	(2,000)	11
Payees < \$2,500 (50 other vendors / individuals)	116	(43,676)	12
Total Disbursements	394	\$ (250,189)	

Notes:

- 1** Franchise fees paid to Days Inn Canada.
- 2** Food services and guest supply expenses incurred for the Days Inn.
- 3** Benefits expense for employees of the Days Inn.
- 4** Advertising expenses incurred for the purposes of promoting the Swift Hotels Partnership Group.
- 5** Insurance premiums for the Days Inn.
- 6** Miscellaneous bank fees (over-draft, e-transfer, bounced cheques, etc.).
- 7** Vehicle lease payments.
- 8** Disbursements made to the Odyssey Hotels Group on account of management fees.
- 9** Management has represented that the disbursements made to Chris King were payroll cheques and an expense reimbursement.
- 10** Management noted that Arlco Holdings is the former owner of the Days Inn property and has a \$500,000 mortgage over the property. Swift was making monthly interest payments to Arlco on this mortgage however, Management represented that these payments ceased in July 2019.
- 11** Personal credit card of Phil Krahn. Management has represented that this disbursement relates to operational expenses incurred for the Airdrie Super 8.
- 12** Approximately \$27,000 of this balance (i.e. 23 of the 50 payees) relates to employee payroll.

SCHEDULE 4

Swift Hotels Group Ltd.
TD Account Summary of Disbursements
May 1, 2019 to September 19, 2019

Disbursements	# of Pmts	Total Amount	Notes
Odyssey Hotels Group	1	\$ (30,099)	1
Capital One	2	(5,200)	2
TD	18	(133)	3
Unknown	8	(9,474)	4
Total Disbursements	29	\$ (44,906)	

Notes:

1 Transfer to Odyssey Hotels Group TD Investment Account.

2 Personal credit card of Brian Ostrander. Management has represented that these disbursements relate to operational expenses incurred for the Medicine Hat Clarion and Swift Current Days Inn.

3 Miscellaneous service charges.

4 Payments made to various third parties. As at the date of the Second Report, Management has not provided any further payee details.

Exhibit C – TD Investment Account Screenshot

 My Accounts

BANKING

TD EVERY DAY B BUSINESS PLAN \$989.54
5257400

Total \$989.54

INVESTING

CANADIAN MARGIN² \$0.00
TD Direct Investing 287XB4E

US MARGIN² USD \$108,927.93
TD Direct Investing 287XB4F

CDN MARGIN SHORT² \$0.00
TD Direct Investing 287XB4G

US MARGIN SHORT² USD \$0.00
TD Direct Investing 287XB4H

Total \$0.00
USD \$108,927.93

Exhibit D – Forecast to Actual Results for the Period October 12, 2019 to November 10, 2019

Swift Hotels Group Ltd.
5-Week Forecast to Actual Cash Flows
For the Period October 12, 2019 to November 10, 2019

Week Ending	Week 1 13-Oct-19	Week 2 20-Oct-19	Week 2 20-Oct-19 Actual	Week 3 27-Oct-19	Week 3 27-Oct-19 Actual	Week 4 3-Nov-19	Week 4 3-Nov-19 Actual	Week 5 10-Nov-19	Week 5 10-Nov-19 Actual	Total Week 1 - 5	Total Week 1 - 5	Variance Week 1 - 5
Receipts												
Daily Collections												
Monday	\$ -	\$ -	\$ -	\$ 22,000	\$ 27,660	\$ 18,000	\$ 26,570	\$ 20,000	\$ 14,623	\$ 60,000	\$ 68,854	\$ 8,854
Tuesday	-	22,000	30,583	3,000	5,525	4,000	7,774	6,000	3,750	35,000	47,632	12,632
Wednesday	-	4,000	2,219	4,000	3,559	4,000	5,545	7,000	4,414	19,000	15,737	(3,263)
Thursday	7,920	6,000	9,103	7,500	6,756	7,500	8,248	7,000	6,362	35,920	30,470	(5,450)
Friday	9,286	6,500	7,772	8,000	10,181	7,000	16,726	8,000	9,501	38,786	44,180	5,394
A/R - Corporate Accounts	9,160	6,000	8,141	6,000	1,952	6,000	2,274	6,000	7,220	33,160	19,587	(13,574)
Total Receipts	26,366	44,500	57,818	50,500	55,633	46,500	67,137	54,000	45,871	221,866	226,460	4,593
Disbursements												
Accounts Payable	(4,822)	(7,500)	-	-	-	(7,000)	-	-	-	(19,322)	-	19,322
Advertising / Signage	-	-	-	-	(9,500)	-	-	-	-	-	(9,500)	(9,500)
Bank Fees / Credit Card Fees	-	-	(223)	-	-	-	(6,783)	-	(82)	-	(7,088)	(7,088)
Benefits	-	-	-	-	-	-	(5,032)	-	-	-	(5,032)	(5,032)
Book Fees (On-Line)	-	-	-	-	(2,291)	-	-	-	-	-	(2,291)	(2,291)
Days Inn Franchise Fee	-	(10,000)	-	-	(10,000)	(10,000)	-	-	(10,000)	(20,000)	(20,000)	-
GST Arrears	-	-	-	(5,000)	-	(5,000)	-	-	-	(10,000)	-	10,000
GST Current	-	-	-	-	-	-	-	(10,000)	(5,000)	(10,000)	(5,000)	5,000
Federated Advance Repayment	(1,000)	(2,500)	(2,187)	-	(3,091)	-	(2,675)	-	(2,899)	(3,500)	(10,851)	(7,351)
Hospitality Doctors	-	-	(2,625)	-	-	-	-	-	-	-	(2,625)	(2,625)
Insurance	-	-	-	-	-	-	-	(3,000)	-	(3,000)	-	3,000
Lease Payments	-	-	(610)	-	-	-	(934)	-	-	-	(1,544)	(1,544)
Legal Fees	-	-	-	-	-	-	(7,000)	-	-	-	(7,000)	(7,000)
Miscellaneous Operating Expenses	-	-	(4,000)	-	(9,070)	-	(1,978)	-	(5,089)	-	(20,136)	(20,136)
Odyssey Hotels (Related Party)	(12,000)	-	-	-	-	-	(14,075)	-	-	(12,000)	(14,075)	(2,075)
Payroll	-	-	-	(19,000)	(20,646)	-	-	(20,000)	(21,521)	(39,000)	(42,168)	(3,168)
Payroll Tax Arrears	-	(7,000)	-	-	-	(7,000)	-	-	-	(14,000)	-	14,000
Payroll Tax Current	-	-	-	(7,000)	(6,615)	-	-	-	(7,250)	(7,000)	(13,865)	(6,865)
Property Tax Arrears	-	-	-	-	-	-	-	-	-	-	-	-
Property Tax Current	-	-	-	(10,000)	-	-	-	(10,000)	-	(20,000)	-	20,000
PST	(7,000)	(13,300)	(20,300)	(5,000)	-	(5,000)	(10,000)	(13,000)	-	(43,300)	(30,300)	13,000
Sasktel	-	(4,200)	-	(2,000)	(4,126)	-	-	-	-	(6,200)	(4,126)	2,074
Sysco	-	(3,000)	(3,593)	(3,000)	(3,190)	(4,000)	(4,085)	(4,000)	(4,003)	(14,000)	(14,872)	(872)
Utilities	-	-	(13,000)	-	-	-	(3,316)	-	(4,174)	-	(20,490)	(20,490)
Wyndham (Franchise Fees)	-	-	-	-	-	(8,000)	-	-	-	(8,000)	-	8,000
Total Disbursements	(24,822)	(47,500)	(46,538)	(51,000)	(68,530)	(46,000)	(55,878)	(60,000)	(60,017)	(229,322)	(230,963)	(1,641)
Net Cash Flows	\$ 1,545	\$ (3,000)	\$ 11,280	\$ (500)	\$ (12,897)	\$ 500	\$ 11,260	\$ (6,000)	\$ (14,146)	\$ (7,455)	\$ (4,503)	\$ 2,952
Opening Bank Balance	\$ (317,876)	\$ (316,331)	\$ (317,876)	\$ (319,331)	\$ (306,596)	\$ (319,831)	\$ (319,493)	\$ (319,331)	\$ (308,233)	\$ (317,876)	\$ (317,876)	
Net Cash Flows	1,545	(3,000)	11,280	(500)	(12,897)	500	11,260	(6,000)	(14,146)	(7,455)	(4,503)	
Closing Bank Balance	\$ (316,331)	\$ (319,331)	\$ (306,596)	\$ (319,831)	\$ (319,493)	\$ (319,331)	\$ (308,233)	\$ (325,331)	\$ (322,379)	\$ (325,331)	\$ (322,379)	
Closing Bank Account Balances:												
Royal Bank of Canada			36,820		23,500		39,110		23,465			
Innovation Credit Union			(346,027)		(345,604)		(349,955)		(348,455)			
The Toronto-Dominion Bank			2,611		2,611		2,611		2,611			
			<u>(306,596)</u>		<u>(319,493)</u>		<u>(308,233)</u>		<u>(322,379)</u>			