



COURT FILE NUMBER 25-1890619, 25-1890623
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
DOCUMENT THE THIRD REPORT OF THE TRUSTEE OF THE ESTATES
OF TRIMOR MORTGAGE INVESTMENT CORPORATION
AND TRIMOR EQUITY CORPORATION

DATED JUNE 24, 2016

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- Appendix 1 The First Shareholder Update Report of the Trustee for Trimor Mortgage Investment Corporation and Trimor Equity Corporation dated July 29, 2015
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- Appendix 3 Shareholder Claims Package
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Introduction and background

Introduction

1. Trimor Mortgage Investment Corporation (“TMIC”) was incorporated under the laws of the Province of Alberta on February 7, 2005. TMIC is a mortgage investment corporation which raised funds from investors, referred to as the “Shareholders”, and invested these funds in various real estate properties and mortgages located in Alberta and Saskatchewan.
2. Trimor Equity Corporation (“TEC”) was incorporated under the laws of the Province of Alberta on March 15, 2004. The Trustee (defined below) understands that TEC was incorporated in order to hold properties in trust for TMIC as evidenced in a Declaration of Bare Trust Agreement between TMIC and TEC (the “Trust Agreement”) for certain properties. TMIC and TEC are referred to collectively as the “Companies” and the directors were Jim Irvine and Randy Smyth (the “Directors”).
3. The Companies experienced financial difficulty as a result of the non-performance of several mortgages and the decline in values of certain real estate properties. As a result of these difficulties, the Directors assigned the Companies into bankruptcy pursuant to the *Bankruptcy and Insolvency Act* (“BIA”) on July 15, 2014 (the “Date of Bankruptcy”), and Deloitte Restructuring Inc. (“Deloitte”) was appointed as the Trustee (the “Trustee”) of the bankrupt estates (the “Estates”).
4. At the Date of Bankruptcy, TMIC had reported approximately \$15.5 million in debt owing to various unsecured creditors and Shareholders, while TEC had reported approximately \$47,000 in debt owing to various unsecured creditors. In addition, TEC reported secured claims of approximately \$2.1 million at the Date of Bankruptcy, and there were no known secured creditors in TMIC.
5. At the joint first meeting of creditors held for the Companies on August 7, 2014, there was no quorum present for TEC and no inspectors were appointed for TEC. However, the following five inspectors were appointed to the estate of TMIC (the “Inspectors”):
 - 5.1 Elizabeth Bouillet
 - 5.2 Don Friesen;
 - 5.3 Jim Irvine;
 - 5.4 Kevin Kelly; and
 - 5.5 Cliff Swan.

6. Information on the bankruptcy proceedings can be accessed on the website of Deloitte located at www.insolvencies.deloitte.ca.

Notice to Reader

7. This report constitutes the third report of the Trustee (this “Report” or the “Third Report”). The Third Report should be read in conjunction with the first report of the Trustee dated September 24, 2014 (the “First Report”) and the second report of the Trustee dated November 7, 2014 (the “Second Report”). A confidential supplement to the Second Report dated November 7, 2014 (the “Confidential Report”) was also prepared by the Trustee. Terms not defined in this Report are defined in the First Report or Second Report.
8. In preparing this Report, the Trustee has relied on unaudited financial information, the books and records of the Companies and discussions with interested parties and stakeholders. The Trustee has not performed an independent review or audit of the information provided.
9. The Trustee 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.
10. All amounts are in Canadian dollars, unless otherwise indicated.

Background

11. The First Report provided details of the claims (the “Fox Claims”) filed by Robert Fox et al (the “Fox Group”) for approximately \$272,000 and the background around the \$226,000 paid into Court by TMIC as a result of the default judgment, writ of enforcement and garnishee summons that was obtained by the Fox Group in relation to the Fox Claims. The First Report also detailed the steps taken by the Trustee to disallow the Fox Claims and outlined the Trustee’s position that the Fox Claims filed against TMIC were rejected and should be considered in the same manner as the claims filed by the other Shareholders of TMIC, regardless of the default judgement obtained by the Fox Group.
12. The Second Report provided an update on the bankruptcies, including details around the assets and the litigation with the Fox Group. The Second Report also provided details around the sale process and sale terms related to the Calgary Property along with the non-confidential terms and conditions related to the settlement of the Brooks Mortgage.
13. The Confidential Report included a copy of the appraisal of the Brooks Property by Linnel Taylor Lipman & Associates Ltd., along with an analysis completed by Deloitte Real Estate, and provided more details of the Brooks Mortgage settlement and requested a Court Order be granted sealing the Confidential Report.
14. Pursuant to the Second Report and the Confidential Report, the Court issued an order on November 13, 2014 approving the sale of the Calgary Property, nunc pro tunc, and approving the settlement of the Brooks Mortgage (the “Sale Approval Order”). The Court also issued an order on November 13, 2014 approving the sealing of the Confidential Report.

Purpose of this Report

15. The purpose of this Report is to provide an update of the activities of the Trustee and matters arising since the Second Report, and is in support of the Trustee's motion for an order:
 - 15.1 Approving the actions and conduct of the Trustee as outlined in this Report; and
 - 15.2 Approving the Proposed Claims Process (as defined later in this Report).

Actions of the Trustee

16. The Trustee has undertaken the following activities since the date of the Second Report and additional details of most of the activities are outlined further in this Report:
 - 16.1 Held six additional meetings of Inspectors and had ongoing dialogue and communications with the Inspectors in regards to the various matters in the bankruptcies;
 - 16.2 Closed on the sale of the Calgary Property in October 2014 pursuant to the Sale Approval Order and dealt with various related matters;
 - 16.3 Managed the Bearspaw Property and Lake Newell Mortgage and took various steps to try and realize on these assets;
 - 16.4 Took steps to realize on the remaining mortgages in TMIC;
 - 16.5 Prepared and issued two update reports to shareholders on July 29, 2015 (the “First Shareholder Update Report”) and on March 25, 2016 (the “Second Shareholder Update Report”), copies of which are attached to this Report as Appendices 1 and 2, respectively;
 - 16.6 Dealt with the Fox Claims and related litigation;
 - 16.7 Commenced legal action against BMG Financial Services Corp. (“BMG”) in regards to its management of the Companies and the Fox Group matters;
 - 16.8 Pursued a complaint against former auditors that were previously filed by BMG;
 - 16.9 Dealt with creditor and shareholder claims;
 - 16.10 Corresponded with creditors, shareholders, and interested parties regarding the status of the bankruptcies and related matters; and
 - 16.11 Maintained the trust accounts and related estate accounting and monthly reconciliations.

Asset Realizations

Owned Properties

Calgary Property

17. As outlined in the Second Report and pursuant to the Sale Approval Order, the Trustee closed on the sale of the Calgary Property for \$2.45 million on October 1, 2014 and the vendor take-back mortgage was fully repaid on July 15, 2015, along with interest of \$45,000. As part of the sale, the first mortgage and property taxes were paid in full and the related lien claim was settled.

Bearspaw Property

18. As outlined in the Second Report, the owned property located at 261049 Glendale Road, Bearspaw, Alberta includes approximately 64 acres of land with an accompanying house (the "Bearspaw Property"). The Bearspaw Property was first listed by the Trustee with Royal LePage Foothills in December 2014, with the approval of the Inspectors, for an initial list price of \$2.8 million (plus GST), was subsequently reduced to \$2.5 million in March 2015 and the listing was allowed to expire on June 5, 2015 with no offers received.
19. After consultation with the Inspectors, the Trustee relisted the Bearspaw Property with a new realtor, Engel & Volkers Calgary ("Engel"), for \$2.5 million in July 2015. Engel actively marketed the property at the initial list price of \$2.5 million and, with the approval of the Inspectors and due to the declining market conditions and lack of interest, the list price was reduced to \$2.35 million on October 14, 2015 and then to \$2,195,000 on December 2, 2015. The listing with Engel for the Bearspaw Property expired on January 31, 2016 and was not renewed and no offers were received.
20. A dialogue was held with the Inspectors on how to best maximize the value of the Bearspaw Property based on discussions with various realtors and feedback from potential interested parties and it was decided that the 64 acres should be subdivided into two lots to make it more desirable and marketable. B&A Planning Group ("B&A"), a professional community and land development planning services company, was consulted with as part of the process and B&A recommended that the Bearspaw Property be subdivided into a parcel of approximately 10 acres which includes the house (the "House Parcel") along with a parcel of 50 acres which includes the remaining undeveloped lands (the "Remaining Parcel"). With the approval of the Inspectors on February 25, 2016, the Trustee formally engaged B&A to start a subdivision process for the Bearspaw Property and the process has been estimated by B&A to take six to eight months to complete.

21. With the approval of the Inspectors, the Bearspaw Property was listed with Royal LePage Integrity (“RLI”) as two separate parcels, pending the subdivision. It was recommended by RLI, and agreed to by the Inspectors, to delay listing the House Parcel until certain renovations and repairs were completed for the house and the House Parcel. This work is expected to be completed before June 30, 2016 and is expected to increase the appeal of the House Parcel and the ultimate sales proceeds. In the meantime, the Remaining Parcel was listed with RLI on May 4, 2016 for \$1,350,000 and there is an accepted offer on the Remaining Parcel that is only subject to the subdivision.
22. The outstanding first mortgage of \$1.0 million on the Bearspaw Property (the “Bearspaw Mortgage”) came due on October 31, 2015 and, with the approval of the Inspectors, was repaid in full in order to reduce the ongoing interest costs of 6% per annum.
23. Since the Date of Bankruptcy, rent of \$3,000 per month, or \$63,000, was collected by the Trustee from the tenants who have now vacated the Bearspaw Property as of May 31, 2016.

Mortgages

24. In addition to the two owned properties, the Trustee has continued to pursue the collection of investments that the Companies hold in various mortgages, as outlined in the Second Report and summarized below.
 - 24.1 First mortgage of approximately \$3.2 million as at the Date of Bankruptcy on serviced home / resort sites near Lake Newell in Brooks, Alberta (the “Brooks Mortgage”). The Brooks Mortgage is discussed in further detail later in this Report.
 - 24.2 Second mortgage on a house and third position on secondary lands, both of which are located in Calgary, as security on a loan amount of approximately \$101,000 at the Date of Bankruptcy (the “Calgary Mortgages”). The holder of the first mortgage foreclosed on and sold the properties secured by the Calgary Mortgages and no funds were available to TMIC and there are no other known avenues available to collect any funds from the borrower.
 - 24.3 Second mortgage of approximately \$322,000 (excluding accrued interest and fees) as at the Date of Bankruptcy as part of a syndicated construction loan totaling \$1,945,000 on a 12-unit commercial condominium warehouse project located near Calgary, Alberta (the “Venture Mortgage”). Following the sale of several of the condominiums in August 2014, the Trustee received approximately \$172,000 from the loan administrator as a partial repayment of this loan and an additional \$133,000 in May 2015. The Trustee has received three additional payments under the Venture Mortgage since then including approximately \$93,000 in December 2015, approximately \$60,000 in January 2016 and approximately \$13,400 in April 2016. No further funds are expected.
 - 24.4 First mortgage of approximately \$67,000, as part of a syndicated loan totaling approximately \$4.3 million, on a resort / lake land development in Saskatchewan (the “Saskatchewan Mortgage”). The Trustee is continuing to review options for realizing on TMIC’s position on the

Saskatchewan Mortgage and understands that the administrator may be seeking funds to cover potential future legal action and/or foreclosure procedures in relation to the Saskatchewan Mortgage. The Trustee does not expect any recovery on the Saskatchewan Mortgage.

Brooks Mortgage Settlement

25. As outlined in the Second Report, at the Date of Bankruptcy, TMIC held a first mortgage of approximately \$3.2 million that is secured by 26 serviced recreational sites (the "26 Lots") near Lake Newell in Brooks, Alberta (the "Brooks Property"). The Trustee understands that the Brooks Mortgage has been in default since August 2012 and that BMG had been taking steps to realize on this investment through a foreclosure application process prior to the Date of Bankruptcy.
26. As also outlined in the Second Report, the Trustee and the borrower (the "Borrower") agreed on terms to settle the Brooks Mortgage and these terms were approved by the Court pursuant to the Sale Approval Order. Following the Sale Approval Order, the Trustee continued to work with the Borrower to extend the deadlines to attempt to close on the mortgage settlement, but unfortunately the purchaser with whom the Borrower was working with was unable to fund the settlement.
27. The Trustee was made aware by the Borrower and the County of Newell (the "County") that the Brooks Property was being put up for tax sale on November 4, 2015 in order for the County to collect on approximately \$211,000 in property tax arrears and penalties and interest owing from 2012 to 2015 (the "Property Tax Arrears"). The Borrower indicated that it did not have the funds available to pay the taxes and, with the approval of the Inspectors, the Trustee paid the Property Tax Arrears to the County in order to try and preserve the value of the Brooks Property and to avoid a sale of the lots at low prices. The Trustee has also recently paid the 2016 property taxes for approximately \$32,000 for the Brooks Property.
28. The Trustee has continued to review the options with respect to realizing on the sale of the Brooks Property and has not been able to obtain the support of the Borrower to significantly reduce the current judicial listing price of \$4.1 million that was previously approved by the Court in the foreclosure proceedings. The current amount owing on the mortgage is \$4.4 million and the Trustee has received authorization from the Inspectors to proceed with an application for an Order of Foreclosure, which will result in title to the Brooks Property vesting with the Trustee. Thereafter, the Trustee and the Inspectors will continue efforts to sell the Brooks Property. The timing of any recovery is currently unknown.
29. The Trustee is not aware of any remaining owned properties or mortgages receivable for the Companies.

Ongoing Litigation

30. As outlined in the First Report, the Second Report, the First Shareholder Update Report, and the Second Shareholder Update Report, the Trustee has spent significant time and resources dealing with the default judgment obtained by the Fox Group as against TMIC in the amount of \$265,527 on May 26, 2014 (the "Default Judgement"), the garnishee summons and garnishment, the Trustee's disallowance of the Fox Claims as unsecured claims as opposed to Shareholder claims, and other matters raised by the Fox Group.
31. The Trustee's position was always that the Fox Claims should be treated no different than the claims of the other Shareholders and the claims were disallowed by the Trustee as creditor claims. The Fox Group successfully opposed the Trustee's disallowance of the Fox Claims as creditor claims in Court. The Trustee, with the approval of the Inspectors and because settlement attempts were not successful, appealed the decision of the Court (the "Trustee's Appeal") through an application held at the Court of Appeal on October 13, 2015. The Trustee's Appeal was successful and, as a result, the Fox Claims will be treated the same as the claims of other Shareholders. The Fox Group has also confirmed that they are not proceeding with an application to annul the bankruptcies and the \$226,000 of garnished funds previously recovered from the Court by the Trustee are now available to the Estate.

Creditor Claims and Proposed Shareholder Claims Process

Creditor Claims

32. The Trustee has received unsecured creditor claims for both of the Companies as well as Shareholder claims for TMIC.
33. The Trustee has received and dealt with the following creditor claims to date in the Estate of TMIC:
 - 33.1 Two claims for pre-bankruptcy legal fees totalling approximately \$44,500 which have been paid by the Trustee, with the approval of the Inspectors, net of a 5% levy due to the Office of the Superintendent of Bankruptcy (the "Levy");
 - 33.2 The Fox Claims which were subject to litigation and have now been resolved and are now being treated in the same manner as the other claims of Shareholders (as outlined in more detail later in this Report); and
 - 33.3 One claim filed by BMG for outstanding management fees for approximately \$30,000 that was disallowed in full by the Trustee as no supporting backup was provided and the Trustee had calculated that management fees were overcharged for approximately the same amount during 2013 and 2014. The time period for appealing the disallowance has expired and the claim has been expunged.
34. The Trustee has received and dealt with the following creditor claims to date in the Estate of TEC:
 - 34.1 Four unsecured creditor claims totalling approximately \$23,000 which have been paid by the Trustee, with the approval of the Inspectors, net of the Levy; and
 - 34.2 Four claims filed by the Fox Group as against TEC totalling approximately \$272,000 (the "Fox TEC Claims"). The Fox TEC Claims were disallowed by the Trustee and, as the time period for appealing the disallowance has expired, the claims have been expunged.
35. As outlined previously, the Bearspaw Mortgage was repaid in full by the Trustee in October 2015 and, with the payment of the approved unsecured claims filed to date, there are no known remaining unsecured claims or priority claims in the Estates.

Proposed Shareholder Claims Process

36. The only remaining known claims against the Companies are those of the Shareholders. The Trustee has received 93 Shareholder claims to date with a value of approximately \$9.2 million. The Trustee considers the claims of the Shareholders to be “equity claims” as defined in section 2 of the BIA and, according to section 140.1 of the BIA, payment of any dividend with respect to an equity claim is postponed until all claims that are not equity claims have been satisfied. The Trustee has confirmed that all known claims that are not equity claims have been satisfied and therefore is proposing this claims process to structure the dividend payments for the equity claims.
37. As a result of all of the known creditor claims being paid by the Trustee, the resolution of the Fox Claims, the Fox TEC Claims and the expectation that there will be surplus funds in the Estates after the realization of the remaining assets (the “Remaining Assets”), the Trustee expects there to be surplus funds available for distribution and has estimated, as detailed in the Second Shareholder Update Report, that the Shareholders may realize a return on their shares ranging from 15% to 30%. This estimate, however, is subject to several assumptions about the values of the Remaining Assets, timing of the realizations and the costs to complete the sales and overall administration, and the final proven and approved value of the Shareholder claims.
38. In a typical bankruptcy, the surplus funds that remain after the payment of creditor claims, administration costs and priority claims would be paid to the shareholder(s). In this case there are almost 200 Shareholders and the Trustee’s view is that the most transparent and efficient process would be to pay out the funds pursuant to a Court approved claims process (the “Proposed Claims Process”).
39. The Trustee is proposing a “reverse claims process” (outlined further below) as it has received, reviewed and reconciled various information supporting the amounts of the Shareholder claims and is comfortable with the amounts. This information includes the following documents (the “Shareholder Claims Information”):
 - 39.1 Shareholder statements obtained from BMG dated as at August 31, 2013 (the “Shareholder Statements”);
 - 39.2 Shareholder statements received from Olympia Trust Company on March 2, 2016 and dated as at June 15, 2014;
 - 39.3 Shareholder statements received from Canadian Western Trust on March 4, 2016 and dated as at July 15, 2014; and
 - 39.4 Proof of claims from 93 Shareholders, including the documents supporting the value of the claims (the “Shareholder Proof of Claims”).
40. The Trustee noted several discrepancies between the various Shareholder Claims Information, but notes that most of the differences between the Shareholder Statements and the Shareholder Proof of Claims related to a \$1 million distribution by TMIC in August 2013 that was not accounted for by

several Shareholders who relied on older statements to support their claim amounts. As a result of its analysis, the Trustee is comfortable using the Shareholder Statements to form the basis of the Shareholder Claim amounts to be included in the Proposed Claims Process. Shareholders will have the opportunity to dispute the amounts of their claims.

41. The Trustee is proposing the following timeline as part of the Proposed Claims Process:

Date (2016)	Description
June 30, 2016	Claims Procedure Order Granted
As soon as possible after Order being granted	Claims Package posted to Trustee's website
On or before July 8, 2016	Claims Packages to be sent to all known claimants with proof of claims pre-populated with claim amounts as per the Shareholder Statements
On or before July 15, 2016	Newspaper Notice to be published
September 2, 2016	Claims Bar Date for Claimants to file Proof of Claim with Trustee or indicate that they disagree with the amount included in the pre-populated Proof of Claim form – 4:00 p.m. Mountain Daylight Time
On or before September 12, 2016	Deadline for Notice of Revision or Disallowance to be issued by the Trustee
10 days after receipt of Notice of Revision or Disallowance	Deadline for receipt by the Trustee of any Notice of Dispute of Revision or Disallowance sent by a claimant

42. As outlined above, if an Order is granted approving the Proposed Claims Process (the "Claims Process Order"), the Trustee would send a package containing all required information (the "Claims Package") to the Shareholders. The Claims Package, which is attached hereto as Appendix 3, would include the following information:

42.1 A cover letter outlining the Proposed Claims Process and related documents;

42.2 The Notice to Shareholders, which is attached to the Claims Package as "Schedule 1";

42.3 A pre-populated Proof of Claim Form (the "PoC") with the Shareholder Statements which will form schedule "A" to the PoC along with the instructions for completing the PoC (collectively the "Claim Forms"), which is attached to the Claims Package as "Schedule 2"; and

42.4 A Dispute Notice which is attached to the Claims Package as "Schedule 3".

43. The Claims Package and Claims Process Order will be posted on the Trustee's website and sent by regular mail to all known claimants. Advertisements regarding the Proposed Claims Process will be printed in the Calgary Herald under the classified section.

44. All Shareholders will have until 4:00 p.m. Daylight Standard Time on September 2, 2016 (the "Claims Bar Date") to submit a Dispute Notice. Should no Dispute Notice be received by the Claims Bar Date, the claim of the Shareholder will be deemed admitted as provided in the corresponding Claim Form.
45. Should a Shareholder not agree with the amount included in their Claim Form, they must file a dispute notice with the Trustee prior to the Claims Bar Date. The Trustee would then have 10 days from the Claims Bar Date to either accept the amount included in the dispute notice or issue a disallowance notice.
46. The Trustee would review all Claim Forms submitted on or before the Claims Bar Date and will either accept the claim as set out in the Claim Form or issue a disallowance notice in respect of all or part of the claim for distribution purposes. Disallowance Notices will be sent within 10 days of the Claims Bar Date by registered mail. Following receipt of a disallowance notice, the Shareholder would have 10 days to file a dispute notice, should they disagree with the disallowance notice. Dispute notices may be resolved consensually or, where that is not possible, through an application to Court.

Other Matters

47. As reported previously, BMG filed complaints with the Institute of Chartered Accountants of Alberta (“ICAA”) against two of the former auditors of the Companies. The Trustee has been in discussions with the ICAA and understands that an independent investigation has been completed and that the ICAA has now dismissed the complaints in their entirety. The Trustee has discussed the complaints and the ICAA’s position with the Inspectors and has agreed that no further action will be taken.
48. As reported previously, the Trustee was also aware of complaints from certain Shareholders about the fees that have been paid by TMIC and/or TEC to BMG and other parties who had oversight and management of the investments made through TMIC and TEC. The Trustee’s counsel has filed a statement of claim in the amount of \$180,000 against BMG. The Trustee’s counsel recently received a copy of BMG’s Statement of Defence and is currently reviewing same.

Receipts and Disbursements and Funds on Hand

49. The Statements of Receipts and Disbursements (“SRDs”) for TMIC and TEC for the period from July 15, 2014 to June 17, 2016 are attached to this Report as Appendices 4 and 5, respectively.
50. To date, the Trustee has received and disbursed the following more significant amounts:
 - 50.1 Received net proceeds of approximately \$1,588,000 from the sale of the Calgary Property;
 - 50.2 Received \$63,000 in rent from the Bearspaw Property;
 - 50.3 Received approximately \$226,000 in garnished funds in relation to the Fox Group litigation that are now available to the Estate;
 - 50.4 Received payments totalling approximately \$471,000 from the Venture Mortgage;
 - 50.5 Repaid the Bearspaw Mortgage for \$1.0 million and paid the related interest costs of approximately \$90,000;
 - 50.6 Paid approximately \$20,000 in insurance premiums for the assets;
 - 50.7 Paid approximately \$211,000 for the property tax arrears for the Brooks Property in order to avoid a property tax sale by the County;
 - 50.8 Paid approximately \$32,000 for the 2016 property taxes for the Brooks Property;
 - 50.9 Paid approximately \$68,000 in dividends, and the related Levy, to the known and proven unsecured creditors of TMIC and TEC;
 - 50.10 Paid approximately \$214,000 in Trustee’s fees; and
 - 50.11 Paid approximately \$209,000 in Trustee’s legal fees.
51. As at June 17, 2016, the Trustee is currently holding in trust a total of approximately \$458,000 for both Companies.

Conclusion and Approvals Sought

52. The Trustee believes that if the Proposed Claims Process is approved, it will allow costs to be minimized as there is a very low likelihood that the claim amounts will be disputed, and the information required to prove the claims of the Shareholders is in the possession of the Trustee. Therefore, the Trustee is seeking an order from this Honourable Court for the following:

52.1 Approval of the reported Actions of the Trustee in respect of administering these bankruptcy proceedings; and

52.2 Approval of the Proposed Claims Process as outlined in the Trustee's Third Report.

DELOITTE RESTRUCTURING INC.,

In its capacity as Trustee of the Estates of
Trimor Mortgage Investment Corporation and
Trimor Equity Corporation and not in its
personal or corporate capacity



Jeff Keeble CPA, CA, CIRP, LIT, CBV
Senior Vice-President

Appendix 1 -

The First Shareholder Update Report of the Trustee for Trimor Mortgage Investment Corporation and Trimor Equity Corporation dated July 29, 2015



COURT FILE NUMBER	25-1890619 and 25-1890623
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
DOCUMENT	TRUSTEE'S UPDATE REPORT TO PREFERRED SHAREHOLDERS

DATED JULY 29, 2015

Trustee

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APPENDICES

Appendix 1	Statement of Receipts and Disbursements for Trimor Mortgage Investment Corporation for the period from July 15, 2014 to July 21, 2015
Appendix 2	Statement of Receipts and Disbursements for Trimor Equity Corporation for the period from July 15, 2014 to July 21, 2015

Introduction

Background

1. Trimor Mortgage Investment Corporation (“TMIC”) and Trimor Equity Corporation (“TEC”, collectively the “Companies”) were assigned into bankruptcy by the directors pursuant to the *Bankruptcy and Insolvency Act* on July 15, 2014 (the “Date of Bankruptcy”), and Deloitte Restructuring Inc. (“Deloitte”) was appointed as the Trustee (the “Trustee”) of the bankrupt estates (the “Estates”). At the TMIC first meeting of creditors (“FMO”) held on August 7, 2014, there were five inspectors appointed which included Kevin Kelly, Cliff Swan, Don Friesen, Jim Irvine and Elizabeth Bouillet (the “Inspectors”). The Inspectors have provided ongoing direction and instructions to the Trustee in its administration of the estates. Five meetings of the Inspectors have been held to date.
2. The Trustee filed its preliminary report to the creditors at the FMO along with two additional Court reports in the bankruptcy of the Companies. The first report of the Trustee was dated September 24, 2014 (the “First Report”) and provided details on the R. Fox Claims (as defined in the First Report) and sought to have the R. Fox Claims treated in the same manner as the Shareholders.
3. The second report of the Trustee was dated November 7, 2014 (the “Second Report”) and provided a general update on the bankruptcy proceedings and sought to have the Court’s approval of the Trustee’s action to date, including the sale of the Calgary Property *nunc pro tunc*, and the approval of the settlement terms of the Brooks Mortgage. The Trustee also prepared and filed a confidential supplement to the Second Report (the “Confidential Second Report”) to disclose confidential terms and amounts related to the settlement of the Brooks Mortgage. The Court issued an order on November 12, 2014 (the “Sale Approval Order”) that approved the Calgary Property sale *nunc pro tunc* and also approved the terms of the settlement of the Brooks Mortgage.
4. The purpose of this report (this “Report” or the “Update Report”) is to provide an update to the creditors and preferred shareholders (the “Shareholders”) of the Companies since the Second Report.
5. Information on the bankruptcy proceedings, and the First Report and Second Report, can be accessed on the website of Deloitte located at www.insolvencies.deloitte.ca.

Notice to Reader

6. In preparing this Update Report, the Trustee has relied on unaudited financial information, the books and records of the Companies and discussions with interested parties and stakeholders. The Trustee has not performed an independent review or audit of the information provided.

7. The Trustee 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.
8. Terms not defined in this Report are defined in the First Report and the Second Report.
9. All amounts are in Canadian dollars, unless otherwise indicated.

Asset Realizations

Owned properties

Calgary Property

10. As outlined in the Second Report, the owned property located at 1213 – 1st Street SW, Calgary, Alberta (the “Calgary Property”) was sold with the approval of the Inspectors and the Court for \$2.45 million on October 1, 2014. A first mortgage of approximately \$752,000 was paid out of the proceeds along with real estate commissions of approximately \$103,000, property taxes of approximately \$28,000 and a lien settlement with Westcor Construction Ltd. As part of the transaction, a portion of the purchase price, specifically \$1,250,000, was established as a vendor take-back mortgage (the “Calgary VTB”), due to be paid by the Calgary Property purchaser within six months of the closing of the sale. Interest of 6% per annum was charged on the Calgary VTB and interest was payable on a monthly basis beginning on November 15, 2014.
11. The terms of the Calgary VTB were amended, with the approval of the Inspectors, and on April 15, 2015, the Trustee received a \$750,000 pay down on the Calgary VTB and extended the term to July 15, 2015 when the final adjusted principal amount of \$510,000 was due. The Calgary VTB was repaid in full on July 15, 2015 and total interest of \$45,000 was collected over the term of the mortgage.

Bearspaw Property

12. As outlined in the Second Report, the owned property located at 261049 Glendale Road, Bearspaw, Alberta includes approximately 64 acres of land with an accompanying house (the “Bearspaw Property”). The Bearspaw Property was listed by the Trustee with Royal LePage Foothills (“Royal LePage”) in December 2014, with the approval of the Inspectors, for an initial list price of \$2.8 million (plus GST). There has been very little interest in the Bearspaw Property since it was listed and the price was reduced, with approval of the Inspectors, to \$2.5 million in March 2015. There have been no offers received for the Bearspaw Property and the listing with Royal LePage was allowed to expire on June 5, 2015. After consultation with the Inspectors, the Trustee has now relisted the Bearspaw Property with a new realtor, Engel & Volkers Calgary (“Engel”). Engel is going to actively market the property at the initial list price of \$2.5 million.
13. An outstanding mortgage of \$1.0 million remains on the Bearspaw Property with an interest rate of 6% per annum with interest paid quarterly (the “Bearspaw Mortgage”). Since the Date of Bankruptcy, a total of approximately \$60,000 of interest has been paid to keep the Bearspaw Mortgage current and rent of

\$3,000 per month has been collected by the Trustee from the tenant who has continued to rent the Bears paw Property since the Date of Bankruptcy.

Mortgages receivable

Lake Newell 1st mortgage

14. As outlined in the Second Report, at the Date of Bankruptcy, TMIC held a first mortgage of approximately \$3.2 million (the “Brooks Mortgage”) that is secured by 26 serviced recreational sites near Lake Newell in Brooks, Alberta (the “Brooks Property”). The Trustee understands that the Brooks Mortgage has been in default since August 2012 and that BMG Financial Services Corp. (“BMG”) had been taking steps to realize on this investment through a foreclosure application process prior to the Date of Bankruptcy.
15. As previously reported, the Trustee and the borrower agreed on terms to settle the Brooks Mortgage and these terms were approved by Court in the Sale Approval Order. Following the Sale Approval Order, the Trustee continued to work with the borrower to extend the deadlines to attempt to close on the mortgage settlement, but unfortunately the purchaser was unable to fund the settlement.
16. The Trustee is now continuing with the sale of the Brooks Property through the foreclosure process. The listing is in process with Cushman & Wakefield and there is no timeframe for when the Brooks Property will be sold in this difficult recreational property market.

Calgary 2nd and 3rd mortgages

17. TMIC held a second mortgage on a house and a third mortgage on secondary lands, both of which are located in Calgary (the “Calgary Mortgages”), as security on a loan amount of approximately \$101,000 at the Date of Bankruptcy. The holder of the first mortgage holder foreclosed on and sold the properties secured by the Calgary Mortgages and no funds were available to TMIC and there no other avenues available to collect any funds from the borrower.

Venture syndicated 2nd mortgage

18. TMIC held a 2nd mortgage of approximately \$322,000 as at the Date of Bankruptcy as part of a syndicated construction loan totaling \$1,945,000 on a 12-unit commercial condominium warehouse project located near Calgary (the “Venture Mortgage”). Following the sale of several of the condominiums in August 2014, the Trustee received approximately \$172,000 from the loan administrator as a partial repayment of this loan and an additional \$133,000 in May 2015. The Trustee is uncertain when or if any further payments will be received from the remaining Venture Mortgage with a principal balance of approximately \$17,000 and accrued interest of \$153,000 to June 1, 2015, but the Trustee did receive a low offer that was recently rejected.

Saskatchewan syndicated 1st mortgage

19. TMIC held a 1st mortgage of approximately \$67,000, as part of a syndicated loan totaling approximately \$4.3 million, on a resort / lake land development in Saskatchewan (the “Saskatchewan Mortgage”). The Trustee is continuing to review options for realizing on TMIC’s position on the Saskatchewan Mortgage and understands that the administrator will be seeking funds to cover the potential future legal action being taken on the Saskatchewan Mortgage.
20. The Trustee is not aware of any remaining owned properties or mortgages receivable for the Companies.

Creditor and Shareholder Claims

21. The Trustee has received claims in the Estates of both TMIC and TEC.
22. The Trustee has received the following claims to date in the Estate of TMIC:
 - 22.1 Two claims for pre-bankruptcy legal fees totalling approximately \$44,500;
 - 22.2 Four claims filed by Robert Fox et al (the "Fox Group") totalling approximately \$272,000 (the "Fox TMIC Claims"), which have been disallowed by the Trustee but are the subject of an ongoing appeal (as discussed later in this Report);
 - 22.3 One claim filed by BMG for outstanding management fees for approximately \$30,000 that has been disallowed in full by the Trustee as no supporting backup was provided and the Trustee has calculated that management fees were overcharged for approximately the same amount during 2013 and 2014. The time period for appealing the disallowance has expired; and
 - 22.4 Seventy-two claims from Shareholders totalling approximately \$8,940,000.
23. The Trustee has received the following claims to date in the Estate of TEC:
 - 23.1 Four unsecured creditor claims totalling approximately \$23,000; and
 - 23.2 Four claims filed by the Fox Group totalling approximately \$272,000 (the "Fox TEC Claims"). The Fox TEC Claims were disallowed and the time period for appealing the disallowance has expired.
24. The Bears paw Mortgage remains outstanding in TEC for \$1.0 million.
25. The Trustee is continuing to review and assess the quantum and validity of the claims that have been filed. The Trustee continues to assess its position on the treatment of the claims of the Shareholders as debt claims versus equity claims, and the Trustee will likely have to make an application to Court to have this matter determined. No date has yet been set as, in the view of the Trustee, the Fox TMIC Claims need to be resolved as well as the potential annulment applications (as discussed in more detail later in this Report).

Ongoing Litigation

26. As outlined in the First Report and the Second Report, the Trustee continues to deal with issues relating to the Fox TMIC Claims and other matters raised by the Fox Group. The Fox Group have disputed the treatment of their claims, the validity of the assignments of the Companies into bankruptcy, and the validity of the TMIC FMOC.
27. As previously reported, the Trustee has also disallowed the Fox TMIC Claims on the basis that such claims were filed as unsecured claims, as opposed to Shareholder claims, pursuant to a default judgment that the Fox Group obtained against TMIC in the amount of \$265,527 on May 26, 2014 (the "Default Judgement"). After obtaining the Default Judgement, the Fox Group filed a writ of enforcement with respect to the Default Judgment and costs in the amount of \$272,415. Pursuant to a garnishee summons, an amount of \$225,880 was paid from the TMIC bank account into Court prior to the Date of Bankruptcy. The proceedings in relation to the Default Judgment were stayed as a result of the bankruptcy of TMIC and funds in the amount of \$226,021 (the "Garnishee Funds") were recovered from the Court by the Trustee pursuant to an Order. The Trustee's position is that the Fox TMIC Claims should be treated no different than the claims of the other Preferred Shareholders. The Trustee understands that the Fox Group are seeking to have their Fox TMIC Claims treated as regular creditor claims, which would elevate the status of their claims above the other Preferred Shareholders, and thereby result in a lesser return to the general body of Shareholders. The Fox Group appealed the disallowance by the Trustee of the Fox TMIC Claims as creditor claims and were successful in the appeal in Court. The Trustee, with the approval of the Inspectors, is appealing the decision of the Court (the "Trustee's Appeal").
28. The Garnishee Funds are being held by the Trustee until the outcome of the potential applications by the Fox Group to annul the bankruptcies of the Companies are heard. The Trustee understands that the Fox Group may be applying to the Court to annul the bankruptcies based on their allegations that the Companies were not insolvent when they were assigned into bankruptcy. The Trustee has provided information to and has discussed the issue of the solvency of the Companies at the Date of Bankruptcy with the Office of the Superintendent of Bankruptcy who has indicated that it agrees that the Companies were in fact insolvent at that time.
29. The Trustee's Appeal of the Court's decision to allow the Fox TMIC Claims as regular creditor claims is currently being scheduled for hearing at the Court of Appeal. Settlement attempts were unsuccessful between the parties and the appeal is expected to be heard in late 2015 or early 2016. Once the appeal

is decided, the Fox Group will have four weeks to determine if they are going to apply to annul the bankruptcy of TMIC and/or TEC. The Trustee and its counsel have spent significant time and costs dealing with the matters related to the claims of the Fox Group.

Other matters

30. The Trustee is aware of complaints that BMG filed with the Institute of Chartered Accountants of Alberta (“ICAA”) against two of the former auditors of the Companies. The Trustee’s initial position is that any such action would not benefit the stakeholders of the Companies and discussions are ongoing with the Inspectors and the third party investigating the claim on behalf of the ICAA.
31. The Trustee is also aware of complaints from certain Shareholders about the fees that have been paid by TMIC and/or TEC to BMG and other parties who had oversight and management of the investments made through TMIC and TEC. The Trustee is continuing to gather and assess information as part of this analysis and will be report on the steps taken in the next update.

Receipts and Disbursements and Funds on Hand

32. The Statements of Receipts and Disbursements for TMIC and TEC for the period from July 15, 2014 to July 21, 2015 are attached to this Report as Appendices 1 and 2, respectively.
33. The Trustee is holding approximately \$346,000 in funds in the TMIC estate as at July 21, 2015. However, approximately \$226,000 of these funds are not available until the dispute is resolved with the Fox Group.
34. The Trustee is holding approximately \$1.4 million of funds in the TEC estate as at July 21, 2015.
35. The Trustee is discussing options with the Inspectors on how to deal with and distribute the funds on hand. Any distributions to the Shareholders cannot be made until the litigation with the Fox Group is resolved (or the \$226,000 in funds are set aside), all other creditor claims are paid or reserved (including the \$1.0 million Bearspaw Mortgage), and a claims and distribution process (the "Claims Process") is put in place with the Shareholders. The Trustee proposes to have a Claims Process approved by the Court which will outline the timeframes and procedures for creditors and Shareholders to file claims and for the Trustee to handle and process these claims.

Next Steps

36. As outlined in this Report, the next steps for Trustee are as follows:

- 36.1 Attempt to realize on the remaining assets, including the Bears paw Property, Lake Newell Mortgage and other mortgages receivable;
- 36.2 Conclude the Fox Group litigation;
- 36.3 Set up a Claims Process so funds can be distributed to the Shareholders when available; and
- 36.4 Provide a further update to the Shareholders by December 31, 2015.

DELOITTE RESTRUCTURING INC.,

In its capacity as Trustee in bankruptcy of Trimor Mortgage Investment Corporation and Trimor Equity Corporation and not in its personal capacity.



Jeff Keeble, CA • CIRP, CBV
Senior Vice President

Appendix 1 –
Statement of Receipts and
Disbursements for Trimor Mortgage
Investment Corporation for the
Period from July 15, 2014 to July 21,
2015

Trimor Mortgage Investment Corporation - in Bankruptcy
Statement of Receipts & Disbursements
For the period July 15, 2014 to July 21, 2015

	Amount
Cash Receipts	
Recovery of TMIC funds paid into Court	\$ 226,022
Receipt of mortgage payouts	305,023
Cash in bank at date of Bankruptcy	336
Interest income on trust funds	434
Total Cash Receipts	531,815
Cash Disbursements	
Trustee's fees	88,294
Trustee's legal fees	71,756
Payment to secured creditor re: mortgage on Calgary 1st Street Property	18,630
GST paid on disbursements	7,139
Filing fees	150
Total Cash Disbursements	185,969
Excess of Cash Receipts over Cash Disbursements	\$ 345,845

Appendix 2 –
Statement of Receipts and
Disbursements for Trimor Equity
Corporation for the Period from
July 15, 2014 to July 21, 2015

Appendix 2

**Trimor Equity Corporation - in Bankruptcy
Statement of Receipts & Disbursements
For the period July 15, 2014 to July 21, 2015**

	Amount
Cash Receipts	
Net proceeds from sale of Calgary 1st Street Property	\$ 1,542,941
Cash in bank at date of Bankruptcy	6,606
Rental Income re: Bearspaw Property	36,000
Advance from Deloitte LLP	15,055
Recovery of legal fees on Calgary 1st Street Property mortgage extension	1,480
Interest income from vendor take-back mortgage on Calgary 1st Street Property	45,000
Interest income on trust funds	111
Total Cash Receipts	<u>1,647,193</u>
Cash Disbursements	
Trustee's fees	88,294
Trustee's legal fees	71,756
Mortgage interest on Bearspaw property	60,055
GST paid on disbursements	9,262
Insurance	8,179
Property taxes on Bearspaw Property	5,165
Appraisal fees	3,562
Utilities	2,924
Real property report	1,980
Newspaper advertising	216
Change of locks	166
Filing fees	150
Total Cash Disbursements	<u>251,710</u>
Excess of Cash Receipts over Cash Disbursements	<u><u>\$ 1,395,483</u></u>

Appendix 2 -

The Second Shareholder Update Report of the Trustee for Trimor Mortgage Investment Corporation and Trimor Equity Corporation dated March 25, 2016



COURT FILE NUMBER 25-1890619 and 25-1890623
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
DOCUMENT TRUSTEE'S SECOND UPDATE REPORT TO THE
PREFERRED SHAREHOLDERS OF TRIMOR MORTGAGE
INVESTMENT CORPORATION

DATED MARCH 25, 2016

Trustee

Deloitte Restructuring Inc.
700 Bankers Court, 850 – 2nd Street SW
Calgary, AB T2P 0R8
Attention: Jeff Keeble

Telephone/Facsimile: 403-503-1458 / 403-718-3681

Email: jkeeble@deloitte.ca

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APPENDICES

Appendix 1	Statement of Receipts and Disbursements for Trimor Mortgage Investment Corporation for the period from July 15, 2014 to March 10, 2016
Appendix 2	Statement of Receipts and Disbursements for Trimor Equity Corporation for the period from July 15, 2014 to March 10, 2016

Introduction

Background

1. Trimor Mortgage Investment Corporation (“TMIC”) and Trimor Equity Corporation (“TEC”, collectively the “Companies”) were assigned into bankruptcy by the directors pursuant to the *Bankruptcy and Insolvency Act* on July 15, 2014 (the “Date of Bankruptcy”), and Deloitte Restructuring Inc. (“Deloitte”) was appointed as the Trustee (the “Trustee”) of the bankrupt estates (the “Estates”). At the TMIC first meeting of creditors (“FMOC”) held on August 7, 2014, there were five inspectors appointed which included Kevin Kelly, Cliff Swan, Don Friesen, Jim Irvine and Elizabeth Bouillet (the “Inspectors”). The Inspectors have provided ongoing direction and instructions to the Trustee in its administration of the estates. Seven meetings of the Inspectors have been held to date.
2. The Trustee filed its preliminary report to the creditors at the FMOC along with two additional Court reports in the bankruptcy of the Companies. The first report of the Trustee was dated September 24, 2014 (the “First Report”) and provided details on the R. Fox Claims (as defined in the First Report) and sought to have the R. Fox Claims treated in the same manner as the shareholders.
3. The second report of the Trustee was dated November 7, 2014 (the “Second Report”) and provided a general update on the bankruptcy proceedings and sought to have the Court’s approval of the Trustee’s actions to date, including the sale of the Calgary Property (as defined later in this report) *nunc pro tunc*, and the approval of the settlement terms of the Brooks Mortgage (as defined later in this report). The Trustee also prepared and filed a confidential supplement to the Second Report (the “Confidential Second Report”) to disclose confidential terms and amounts related to the settlement of the Brooks Mortgage. The Court issued an order on November 12, 2014 (the “Sale Approval Order”) that approved the Calgary Property sale *nunc pro tunc* and also approved the terms of the settlement of the Brooks Mortgage.
4. The Trustee also issued a report to the creditors of the Companies and the preferred shareholders of TMIC (the “Shareholders”) on July 29, 2015 (the “First Shareholder Update Report”) which provided an update on the bankruptcy proceedings.
5. The purpose of this report (this “Report” or the “Second Shareholder Update Report”) is to provide a further update to the Shareholders since the First Shareholder Update Report. As the known creditors of the Companies have all been paid in full, this Report will not be provided to them, but will be posted on the Trustee’s website located at www.insolvencies.deloitte.ca (the “Trustee’s Website”).

6. Information on the bankruptcy proceedings including the First Report, the Second Report, and the First Shareholder Update Report can be accessed on the Trustee's Website.

Notice to Reader

7. In preparing this Report, the Trustee has relied on unaudited financial information, the books and records of the Companies and discussions with interested parties and stakeholders. The Trustee has not performed an independent review or audit of the information obtained and does not express an opinion or any other form of assurance on the information presented herein. The Trustee may refine or alter its observations as further information is obtained or is brought to its attention after the date of this Report.
8. The Trustee 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. Any use that any party makes of this Report, or any reliance on or decisions to be made based on it is the responsibility of such party.
9. Terms not defined in this Report are defined in the First Report, the Second Report or the First Shareholder Update Report.
10. All amounts in this Report are in Canadian dollars unless otherwise indicated.

Asset Realizations

Owned Properties

Calgary Property

11. As outlined in the First Shareholder Update Report, the owned property located at 1213 – 1st Street SW, Calgary, Alberta (the “Calgary Property”) was sold with the approval of the Inspectors and the Court for \$2.45 million on October 1, 2014 and the vendor take-back mortgage was fully repaid on July 15, 2015, along with interest of \$45,000.

Bearspaw Property

12. As outlined in the First Shareholder Update Report, the owned property located at 261049 Glendale Road, Bearspaw, Alberta includes approximately 64 acres of land with an accompanying house (the “Bearspaw Property”). The Bearspaw Property was first listed by the Trustee with Royal LePage Foothills in December 2014, with the approval of the Inspectors, for an initial list price of \$2.8 million (plus GST), was subsequently reduced to \$2.5 million in March 2015 and the listing was allowed to expire on June 5, 2015.
13. After consultation with the Inspectors, the Trustee relisted the Bearspaw Property with a new realtor, Engel & Volkers Calgary (“Engel”), for \$2.5 million in July 2015. Engel actively marketed the property at the initial list price of \$2.5 million and, with the approval of the Inspectors and due to the declining market conditions and lack of interest, the list price was reduced to \$2.35 million on October 14, 2015 and then to \$2,195,000 on December 2, 2015. The listing with Engel for the Bearspaw Property expired on January 31, 2016 and the Inspectors decided not to relist the property with Engel.
14. A discussion was held with the Inspectors on how to best maximize the value of the Bearspaw Property based on discussions with various realtors and feedback from potential interested parties and it was decided that the 64 acres should be subdivided into two lots to make it more desirable and marketable. B&A Planning Group (“B&A”), a professional community and land development planning services company, was consulted with as part of the process and B&A recommended that the Bearspaw Property be subdivided into a parcel of approximately 10 acres which includes the house (the “House Parcel”) along with a parcel of 50 acres which includes the remaining undeveloped lands (the “Remaining Parcel”). With the approval of the Inspectors, the Trustee has proceeded to engage B&A to start a subdivision process for the Bearspaw Property which has been estimated by B&A to take six to eight months to complete.

15. With the approval of the Inspectors, the Bears paw Property has now been listed with Royal LePage Integrity ("RLI") as two separate parcels, pending the subdivision. It was recommended by RLI, and agreed to by the Inspectors, to delay listing the House Parcel for a couple of months until certain renovations and repairs have been completed to the house and the House Parcel. This is expected to increase the appeal of the House Parcel and the ultimate sales proceeds. In the meantime, the Remaining Parcel has been listed with RLI for \$1,350,000.
16. The outstanding first mortgage of \$1.0 million on the Bears paw Property (the "Bears paw Mortgage") came due on October 31, 2015 and, with the approval of the Inspectors, was repaid in full in order to reduce the ongoing interest costs of 6% per annum.
17. Since the Date of Bankruptcy, rent of \$3,000 per month, or \$60,000, has been collected by the Trustee from the tenants who have continued to rent the Bears paw Property.

Mortgages Receivable

Lake Newell 1st mortgage

18. As outlined in the First Shareholder Update Report, at the Date of Bankruptcy, TMIC held a first mortgage of approximately \$3.2 million (the "Brooks Mortgage") that is secured by 26 serviced recreational sites near Lake Newell in Brooks, Alberta (the "Brooks Property"). The Trustee understands that the Brooks Mortgage has been in default since August 2012 and that BMG Financial Services Corp. ("BMG") had been taking steps to realize on this investment through a foreclosure application process prior to the Date of Bankruptcy.
19. As previously reported, the Trustee and the borrower (the "Borrower") agreed on terms to settle the Brooks Mortgage and these terms were approved by the Court in the Sale Approval Order. Following the Sale Approval Order, the Trustee continued to work with the Borrower to extend the deadlines to attempt to close on the mortgage settlement, but unfortunately the purchaser with whom the Borrower was working with was unable to fund the settlement.
20. The Trustee has continued to review the options with respect to realizing on the sale of the Brooks Property to date and has not been able to obtain the support of the Borrower to significantly reduce the current judicial listing price of \$4.1 million that was previously approved by the Court in the foreclosure proceedings. The Trustee received authorization from the Inspectors to waive any claim for a deficiency judgement against the Borrowers if the Trustee and its counsel were satisfied that the Borrower did not own any other assets, as proven in a statutory declaration with supporting financial statements, and the Borrower agreed to cooperate fully with the foreclosure proceedings and consent to a reduction in the judicial listing price. Subsequent to this authorization, further discussions were held with the Borrower and the Trustee is trying to come to terms on an alternate arrangement to try and recover on the Brooks Mortgage. The timing and amount of any settlement or recovery is currently unknown.

21. The Trustee was made aware by the Borrower and the County of Newell (the "County") that the Brooks Property was being put up for tax sale on November 4, 2015 in order for the County to collect on approximately \$211,000 in property tax arrears and penalties and interest owing from 2012 to 2015 (the "Property Tax Arrears"). The Borrower indicated that it did not have the funds available to pay the taxes and the Trustee held a discussion with the Inspectors on next steps. With the approval of the Inspectors, the Trustee paid the Property Tax Arrears to the County in order to try and preserve the value of the Brooks Property and to avoid a sale of the lots at low prices.

Calgary 2nd and 3rd mortgages

22. As outlined in the First Shareholder Update Report, TMIC held a second mortgage on a house and a third mortgage on secondary lands, both of which are located in Calgary (the "Calgary Mortgages") as security on a loan amount of approximately \$101,000 at the Date of Bankruptcy. The holder of the first mortgage foreclosed on and sold the properties secured by the Calgary Mortgages and no funds were available to TMIC and there are no other known avenues available to collect any funds from the borrower.

Venture syndicated 2nd mortgage

23. As outlined in the First Shareholder Update Report, TMIC held a 2nd mortgage of approximately \$322,000 (excluding accrued interest and fees) as at the Date of Bankruptcy as part of a syndicated construction loan totaling \$1,945,000 on a 12-unit commercial condominium warehouse project located near Calgary, Alberta (the "Venture Mortgage"). Following the sale of several of the condominiums in August 2014, the Trustee received approximately \$172,000 from the loan administrator as a partial repayment of this loan and an additional \$133,000 in May 2015. The Trustee has received two additional payments under the Venture Mortgage since then including approximately \$93,000 in December 2015 and approximately \$60,000 in January 2016. The Trustee understands from the administrator of the Venture Mortgage, Axxess Capital, that one unit remains to be sold and there is a small remaining balance of less than \$10,000 owing to TMIC under the Venture Mortgage. The timing and amount of the sale and final payment to TMIC is uncertain.

Saskatchewan syndicated 1st mortgage

24. As outlined in the First Shareholder Update Report, TMIC held a 1st mortgage of approximately \$67,000, as part of a syndicated loan totaling approximately \$4.3 million, on a resort / lake land development in Saskatchewan (the "Saskatchewan Mortgage"). The Trustee is continuing to review options for realizing on TMIC's position on the Saskatchewan Mortgage and understands that the administrator may be seeking funds to cover potential future legal action and/or foreclosure procedures in relation to the Saskatchewan Mortgage. The Trustee does not expect any recovery on the Saskatchewan Mortgage.
25. The Trustee is aware of two judgments that both TMIC and TEC have against individuals for repayment shortfalls on their previous mortgages with the Companies. The Trustee's counsel is pursuing these judgements, but potential realization amounts are unknown.

26. The Trustee is not aware of any remaining owned properties or mortgages receivable for the Companies.

Creditor and Shareholder Claims and Distributions

27. The Trustee has received unsecured creditor claims for both of the Companies as well as Shareholder claims for TMIC.
28. The Trustee has received and dealt with the following claims to date in the Estate of TMIC:
 - 28.1 Two claims for pre-bankruptcy legal fees totalling approximately \$44,500 which have been paid by the Trustee with the approval of the Inspectors, net of a 5% levy due to the Office of the Superintendent of Bankruptcy (the "Levy");
 - 28.2 Four unsecured creditor claims filed by Robert Fox et al (the "Fox Group") totalling approximately \$272,000 (the "Fox TMIC Claims") which were subject to litigation and have now been resolved and are now being treated in the same manner as the other claims of Shareholders (as outlined in more detail later in this Report);
 - 28.3 One claim filed by BMG for outstanding management fees for approximately \$30,000 that has been disallowed in full by the Trustee as no supporting backup was provided and the Trustee has calculated that management fees were overcharged for approximately the same amount during 2013 and 2014. The time period for appealing the disallowance has expired and the claim has been expunged; and
 - 28.4 Eighty-one equity claims from Shareholders totalling approximately \$9.4 million which are being held in abeyance until a distribution process is finalized (as outlined in more detail later in this Report).
29. The Trustee has received and dealt with the following claims to date in the Estate of TEC:
 - 29.1 Four unsecured creditor claims totalling approximately \$23,000 which have been paid by the Trustee with the approval of the Inspectors, net of the Levy; and
 - 29.2 Four claims filed by the Fox Group totalling approximately \$272,000 (the "Fox TEC Claims"). The Fox TEC Claims were disallowed by the Trustee and, as the time period for appealing the disallowance has expired, the claims have been expunged.
30. As outlined previously, the Bears paw Mortgage was repaid in full by the Trustee in October 2015 and the approved unsecured claims filed to date have been paid so there are no known remaining unsecured claims in the Estates.

31. The only remaining claims are those of the Shareholders of TMIC. With the Fox TMIC Claims resolved along with the threatened bankruptcy annulment applications by the Fox Group, the Trustee is in the process of applying to the Court to have a formal claims process (the "Claims Process") approved that should allow it to distribute any excess funds to the Shareholders. The timing of any distributions through the Claims Process will, in part, be determined by the timing of the realization of the remaining assets being the Bearspaw Property, the Brooks Mortgage and the Venture Mortgage (the "Remaining Assets"). An interim distribution may be done before the Remaining Assets are fully realized as the Trustee is currently holding \$489,000 of funds in the Estates (as outlined in more detail later in this Report).
32. The Trustee has prepared a preliminary estimate of the potential funds that could be distributed to the Shareholders, assuming the Claims Process is approved by the Court, and has estimated that the Shareholders may realize a return on their shares ranging from 15% to 30%. This estimate is subject to several assumptions about the values of the Remaining Assets, timing of the realizations and the costs to complete the sales and overall administration, and the final proven and approved value of the Shareholder claims. As a result, the estimates are subject to change and the actual results could be significantly different. The analysis is being kept confidential so as to not taint any future sale or realization processes for the Remaining Assets.

Ongoing Litigation

33. As outlined in the First Report, the Second Report and the First Shareholder Update Report, the Trustee has spent significant time and resources dealing with the default judgment obtained by the Fox Group as against TMIC in the amount of \$265,527 on May 26, 2014 (the “Default Judgement”), the garnishee summons and garnishment, the Trustee’s disallowance of the Fox TMIC Claims as unsecured claims as opposed to Shareholder claims, and other matters raised by the Fox Group.
34. The Trustee’s position was always that the Fox TMIC Claims should be treated no different than the claims of the other Shareholders and the claims were disallowed by the Trustee as creditor claims. The Fox Group successfully opposed the Trustee’s disallowance of the Fox TMIC Claims as creditor claims in Court. The Trustee, with the approval of the Inspectors and because settlement attempts were not successful, appealed the decision of the Court (the “Trustee’s Appeal”) through an application held at the Court of Appeal on October 13, 2015. The Trustee’s Appeal was successful and, as a result, the Fox TMIC Claims will be treated the same as the claims of other Shareholders. The Fox Group has also confirmed that they are not proceeding with an application to annul the bankruptcies and the \$225,000 of garnished funds previously recovered from the Court by the Trustee are now available to the Estate.

Other Matters

35. As reported previously, BMG filed complaints with the Institute of Chartered Accountants of Alberta (“ICAA”) against two of the former auditors of the Companies. The Trustee has been in discussions with the ICAA and understands that an independent investigation has been completed and that the ICAA has now dismissed the complaints in their entirety. The Trustee has discussed the complaints and the ICAA’s position with the Inspectors and has agreed that no further action will be taken.
36. As reported previously, the Trustee was also aware of complaints from certain Shareholders about the fees that have been paid by TMIC and/or TEC to BMG and other parties who had oversight and management of the investments made through TMIC and TEC. The Trustee’s counsel has filed a statement of claim in the amount of \$180,000 as against BMG and is currently waiting for BMG to respond. If any other formal actions are taken, these will be included in the next update report to the Shareholders.

Receipts and Disbursements and Funds on Hand

37. The Statements of Receipts and Disbursements (“SRDs”) for TMIC and TEC for the period from July 15, 2014 to March 10, 2016 are attached to this Report as Appendices 1 and 2, respectively.
38. Since the last SRDs dated July 21, 2015, that were included as appendices to the First Shareholder Update Report, the Trustee has received and disbursed the following more significant amounts:
 - 38.1 Received additional payments totalling approximately \$152,000 from the Venture Mortgage;
 - 38.2 Received an additional amount of \$24,000 in rent from the Bearspaw Property;
 - 38.3 Repaid the Bearspaw Mortgage for \$1.0 million and paid the related interest costs of \$30,000;
 - 38.4 Paid approximately \$211,000 for the property tax arrears for the Brooks Property in order to avoid a property tax sale by the County;
 - 38.5 Paid approximately \$68,000 in dividends, and the related Levy, to the known and proven unsecured creditors of TMIC and TEC;
 - 38.6 Paid approximately \$37,000 in Trustee’s fees for the period from May 1, 2015 to February 22, 2016; and
 - 38.7 Paid approximately \$20,000 in Trustee’s legal fees for the period from September 12, 2014 to October 23, 2014 (the payment of this invoice was previously missed) and approximately \$46,000 for the period from May 6, 2015 to December 8, 2015.
39. \$226,000 in garnished funds is now available to the Estate as a result of settling the Fox Group litigation.
40. As at March 10, 2016, the Trustee is currently holding in trust approximately \$400,000 in the TMIC Estate and \$89,000 in the TEC Estate.

Next Steps

41. As outlined in this Report, the next steps for Trustee are as follows:
 - 41.1 Continue efforts to realize on the Remaining Assets;
 - 41.2 Set up a Claims Process so funds can be distributed to the Shareholders when available; and
 - 41.3 Provide a further update to the Shareholders on or around December 31, 2016.

DELOITTE RESTRUCTURING INC.,

In its capacity as Trustee in bankruptcy of Trimor Mortgage Investment Corporation and Trimor Equity Corporation and not in its personal capacity.



Jeff Keeble, CA • CIRP, CBV
Senior Vice President

Appendix 1 –
Statement of Receipts and
Disbursements for Trimor Mortgage
Investment Corporation for the Period
from July 15, 2014 to March 10, 2016

Trimor Mortgage Investment Corporation - in Bankruptcy
Statement of Receipts & Disbursements
For the period July 15, 2014 to March 10, 2016

	Amount
Cash Receipts	
Recovery of TMIC funds paid into Court	\$ 226,022
Receipt of mortgage payouts	457,763
Cash in bank at date of Bankruptcy	336
Interest income on trust funds	514
Total cash receipts	684,635
Cash Disbursements	
Trustee's fees to Feb. 22, 2016 - 50% to each estate	106,798
Trustee's legal fees and costs to Dec. 8, 2015 - 50% to each estate	104,597
Dividends paid to unsecured creditors, net of levy	42,224
Payment to secured creditor re: mortgage on Calgary 1st Street Property	18,631
GST paid on disbursements	10,422
Office of the Superintendent of Bankruptcy levy on dividends	2,222
Filing fees	150
Total cash disbursements	285,044
Excess of Cash Receipts over Cash Disbursements	\$ 399,591

Appendix 2 –
Statement of Receipts and
Disbursements for Trimor Equity
Corporation for the Period from
July 15, 2014 to March 10, 2016

Trimor Equity Corporation - in Bankruptcy
Statement of Receipts & Disbursements
For the period July 15, 2014 to March 10, 2016

Cash Receipts	<u>Amount</u>
Net proceeds from sale of Calgary 1st Street Property	\$ 1,542,941
Cash in bank at date of Bankruptcy	6,606
Rental income re: Bearspaw property	60,000
Advance from Deloitte LLP	15,055
Interest income from vendor take-back mortgage on Calgary 1st Street Property	45,000
Recovery of legal fees on Calgary 1st Street Property mortgage extension	1,480
Interest income on trust funds	356
Total cash receipts	<u>1,671,438</u>
Cash Disbursements	
Property taxes on Lake Newell property	211,471
Trustee's fees to Feb. 22, 2016 - 50% to each estate	106,798
Trustee's legal fees and costs to Dec. 8, 2015 - 50% to each estate	104,597
Payment to secured creditor re: mortgage interest on Bearspaw property	90,055
Dividends paid to unsecured creditors, net of levy	21,903
Insurance	16,279
GST paid on disbursements	11,341
Property taxes on Bearspaw property	5,165
Real property report and survey and permit costs	4,144
Appraisal fees	3,562
Utilities	2,924
Repairs and maintenance on Bearspaw property	2,176
Office of the Superintendent of Bankruptcy levy on dividends	1,153
Mail redirection costs	231
Newspaper advertising	216
Change of locks	166
Fees paid to Official Receiver	150
Repayment of first mortgage on Bearspaw property	1,000,000
Total cash disbursements	<u>1,582,332</u>
Excess of Cash Receipts over Cash Disbursements	<u><u>\$ 89,105</u></u>

Appendix 3-

Shareholder Claims Package



Deloitte Restructuring Inc.
700, 850 – 2nd Street S.W.
Calgary AB T2P 0R8
Canada

Tel: 403-267-0660
Fax: 403-718-3681
www.deloitte.ca

June __, 2016

To the Preferred Shareholders of Trimor Mortgage Investment Corporation

Re: Trimor Mortgage Investment Corporation (“TMIC”) and Trimor Equity Corp. (“TEC”, collectively, the “Companies”) – in Bankruptcy

As you are aware, the Companies were assigned into bankruptcy by the directors pursuant to the *Bankruptcy and Insolvency Act* on July 15, 2014 (the “Date of Bankruptcy”), and Deloitte Restructuring Inc. (“Deloitte”) was appointed as the Trustee (the “Trustee”) of the bankrupt estates.

Pursuant to the June 30, 2016 Court Order (the “Claims Process Order”), a claims procedure was approved by the Court which directed the Trustee to solicit claims from all known preferred shareholders of TMIC (the “Shareholder(s)”) for the purpose of determining the claims which will participate in the TMIC claims process (the “Claims Process”). A copy of the Claims Process Order is available for viewing on the Trustee’s website at the following link: <http://www.insolvencies.deloitte.ca>.

As you are aware, as a Shareholder of TMIC you have an equity claim as against TMIC in the amount of your investment in TMIC as at the Date of Bankruptcy.

Attached are the following documents with respect to your claim as a Shareholder in the Claims Process:

1. A Notice to Shareholders regarding the Claims Process, attached as “Schedule 1”;
2. A completed Proof of Claim Form for Shareholders (the “Shareholder Claim”) for claims arising prior to July 15, 2014, attached as “Schedule 2”;
3. A copy of your TMIC Statement as of August 31, 2013 (the “Account Summary”), also attached as part of “Schedule 2”; and
4. A Dispute Notice, attached as “Schedule 3”.

If you agree with the amount included in the Shareholder Claim, which is based on the Account Summary, no further action is required.

If you do not agree with the amount included in the Shareholder Claim, you must deliver the Notice of Dispute to the Trustee on or before 4:00 p.m. Mountain Daylight Time on **September 2, 2016** (the “Claims Bar Date”) by registered mail or courier service to Deloitte Restructuring Inc., 700, 850 – 2nd Street SW, Calgary, Alberta T2P 0R8 or via facsimile to: 403-718-3681 to the attention of Dana Gaspar or via email to dgaspar@deloitte.ca. If no Notice of Dispute is filed on or prior to the Claims Bar Date, your claim will be accepted for distribution in the amount included in the Shareholder Claim.

All Shareholder Claims will be in the name of the primary account holder only and only the primary account holder will be eligible to share in any distributions from the Claims Process.

Should you have additional questions, please contact Dana Gaspar at 403-267-0660.

Yours truly,

DELOITTE RESTRUCTURING INC.

In its capacity as Trustee in bankruptcy of Trimor Mortgage Investment Corporation and Trimor Equity Corporation and not in its personal capacity.

Jeff Keeble, CA, CIRP, CBV
Senior Vice-President

Schedules

Schedule 1

COURT FILE NUMBER 25-1890619
COURT COURT OF QUEEN'S BENCH
OF ALBERTA
IN BANKRUPTCY AND INSOLVENCY
JUDICIAL CENTRE CALGARY
IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY
ACT
APPLICANTS DELOITTE RESTRUCTURING INC., TRUSTEE OF THE
ESTATE OF TRIMOR MORTGAGE INVESTMENT
CORPORATION

NOTICE TO SHAREHOLDERS

On July 15, 2014, Trimor Mortgage Investment Corp. ("TMIC") and Trimor Equity Corporation were assigned into bankruptcy by the directors pursuant to the *Bankruptcy and Insolvency Act*. Deloitte Restructuring Inc. was appointed as Trustee of the bankrupt estates (the "Trustee").

Pursuant to the June 30, 2016 Court Order (the "Claims Process Order"), a claims procedure was approved by the Court which directed the Trustee to solicit claims from all known preferred shareholders of TMIC (the "Shareholder(s)") for the purpose of determining the claims which will participate in the TMIC claims process (the "Claims Process"). A copy of the Claims Process Order is available for viewing on the Trustee's website at the following link: <http://www.insolvencies.deloitte.ca>.

The Trustee has mailed to the Shareholders pre-populated proofs of claim (the "Shareholder Claim(s)") that detail the amount of your investment in TMIC, as per TMIC's records, along with a Dispute Notice.

If you agree with the amount included in the Shareholder Claim no further action is required.

If you do not agree with the amount included in the Shareholder Claim, you must deliver the Notice of Dispute to the Trustee on or before 4:00 p.m. Mountain Daylight Time on **September 2, 2016** (the "Claims Bar Date") by registered mail or courier service to Deloitte Restructuring Inc., 700, 850 – 2nd Street SW, Calgary, Alberta T2P 0R8 or via facsimile to: 403-718-3681 to the attention of Dana Gaspar or via email to dgaspar@deloitte.ca. If no Notice of Dispute is filed on or prior to the Claims Bar Date, your claim will be accepted for distribution in the amount included in the Shareholder Claim.

The Trustee will attempt to consensually resolve disputes with respect to any Shareholder Claim. If the dispute cannot be resolved, the Trustee shall bring an application before the Court for the determination of the Shareholder Claim.

Dated _____, 2016 in Calgary, Alberta.

DELOITTE RESTRUCTURING INC.,
In its capacity as Trustee in bankruptcy of Trimor
Mortgage Investment Corporation and Trimor
Equity Corporation and not in its personal capacity

Per: Jeff Keeble, CPA, CA, LIT, CIRP, CBV
Senior Vice-President

Schedule 2

COURT FILE NUMBER	25-1890619
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
	IN BANKRUPTCY AND INSOLVENCY
JUDICIAL CENTRE	CALGARY
	IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT
APPLICANTS	DELOITTE RESTRUCTURING INC, TRUSTEE OF TRIMOR MORTGAGE INVESTMENT CORPORATION
DOCUMENT	PROOF OF CLAIM FORM FOR SHAREHOLDERS FOR CLAIMS ARISING BEFORE JULY 15, 2014

See reverse for instructions.

Regarding the claim of «CUSTFIRSTNAME» «CUSTLASTNAME» (referred to in this form as the "Shareholder", the "Shareholder Claim") of «ADDRESSLINE1» «ADDRESSLINE2» «CITY», «PROVINCE» «POSTALCODE».

All notices or correspondence regarding this claim will be sent to the Shareholder at the last known address for the Shareholder according to the records of Deloitte Restructuring Inc. (the "Trustee").

 X Trimor Mortgage Investment Corporation, was, as at July 15, 2014, and still is indebted to the Shareholder in the sum of \$«Merged_Combined» as shown by the statement of account attached hereto.

Instructions for Shareholder Proof of Claim Form:

1. If you agree with the amount shown in the Shareholder Claim, you do not need to submit anything further to the Trustee. On September 2, 2016, your claim in the Bankruptcy proceedings will be deemed to be the amount shown in the Shareholder Claim.
2. If you disagree with the amount shown in the Shareholder Claim, then on or before 4:00 p.m. Mountain Daylight time on September 2, 2016:
 - (a) You will need to fill out and sign the Dispute Notice enclosed with this package; and
 - (b) You will need to deliver the Dispute Notice to the Trustee as follows:

By registered mail or courier to:

Deloitte Restructuring Inc.
700, 850 - 2nd Street SW
Calgary, Alberta T2P 0R8
Attention: Dana Gaspar

By facsimile or email to:

VIA facsimile to: 403-718-3681, attention Dana Gaspar

VIA email to: dgaspar@deloitte.ca

Schedule 3

COURT FILE NUMBER

25-1890619

COURT

COURT OF QUEEN'S BENCH
OF ALBERTA

IN BANKRUPTCY AND INSOLVENCY

JUDICIAL CENTRE

CALGARY

IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCYACT

APPLICANTS

DELOITTE RESTRUCTURING INC, TRUSTEE OF THE ESTATE OF
TRIMOR MORTGAGE INVESTMENT CORPORATION

DOCUMENT

DISPUTE NOTICE

I, _____(name), of _____(city/town), in the Province of _____:

Dispute the amount stated in the Proof of Claim Form for Shareholders for Claims Arising Before July 15, 2014 sent to me.

I dispute the amount for the following reasons, and attach all applicable documents:

(use additional pages if necessary).

Dated at _____(city/town), this ___ day of _____, 2016.

Witness

(signature of individual completing the form)

Must be signed and witnessed.

Appendix 4 -
Statement of Receipts and
Disbursements for Trimor Mortgage
Investment Corporation for the period
from July 15, 2014 to June 17, 2016

Trimor Mortgage Investment Corporation - in Bankruptcy
Statement of Receipts & Disbursements
For the period July 15, 2014 to June 17, 2016

	Amount
Cash Receipts	
Recovery of TMIC funds paid into Court	\$ 226,022
Receipt of mortgage payouts	471,155
Cash in bank at date of Bankruptcy	336
Interest income on trust funds	514
Total cash receipts	698,028
 Cash Disbursements	
Trustee's fees to February 21, 2016 - 50% to each estate	106,798
Trustee's legal fees and costs to Dec. 17, 2015 - 50% to each estate	104,597
Dividends paid to unsecured creditors, net of levy	42,224
Payment to secured creditor re: mortgage on Calgary 1st Street Property	18,631
GST paid on disbursements	10,422
Office of the Superintendent of Bankruptcy levy on dividends	2,222
Filing fees	150
Total cash disbursements	285,044
 Excess of Cash Receipts over Cash Disbursements	\$ 412,984

Appendix 5 -
Statement of Receipts and
Disbursements for Trimor Equity
Corporation for the period from July
15, 2014 to June 17, 2016

Trimor Equity Corporation - in Bankruptcy
Statement of Receipts & Disbursements
For the period July 15, 2014 to June 17, 2016

Cash Receipts	<u>Amount</u>
Net proceeds from sale of Calgary 1st Street Property	\$ 1,542,941
Cash in bank at date of Bankruptcy	6,606
Rental income re: Bearspaw property	63,000
Advance from Deloitte LLP	15,055
Interest income from vendor take-back mortgage on Calgary 1st Street Property	45,000
Recovery of legal fees on Calgary 1st Street Property mortgage extension	1,480
Interest income on trust funds	356
Total cash receipts	<u>1,674,438</u>
Cash Disbursements	
Property taxes on Lake Newell property	243,141
Trustee's fees to February 21, 2016 - 50% to each estate	106,798
Trustee's legal fees and costs to Dec. 17, 2015 - 50% to each estate	104,597
Payment to secured creditor re: mortgage interest on Bearspaw property	90,055
Dividends paid to unsecured creditors, net of levy	21,903
Insurance	20,119
GST paid on disbursements	11,488
Property taxes on Bearspaw property	10,304
Bearspaw property subdivision costs	5,382
Real property report and survey and permit costs	4,144
Appraisal fees	3,562
Utilities	2,924
Repairs and maintenance on Bearspaw property	2,723
Office of the Superintendent of Bankruptcy levy on dividends	1,153
Mail redirection costs	231
Newspaper advertising	216
Change of locks	166
Fees paid to Official Receiver	150
Repayment of first mortgage on Bearspaw property	1,000,000
Total cash disbursements	<u>1,629,056</u>
Excess of Cash Receipts over Cash Disbursements	<u><u>\$ 45,381</u></u>