

June 19, 2014

**Nicole T. Taylor-Smith**  
Direct Line: 403.298.2401  
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SEE ATTACHED SERVICE LIST

Faith McNeil – Paralegal  
Direct Line: 403.206.6313  
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File: 190822.0003

Dear Sir/Madam:

**Re: 3 Eau Claire Developments Inc.**

Further to the above referenced matter, we enclose for service upon you the following:

1. Application for Second Extension of Time to File a Proposal;
2. Second Affidavit of Andrew Seong-Jin Lee.

We expect to serve the Trustees' Report tomorrow.

Please contact our office to advise what your position is regarding the application and whether you intend to appear at the application in person or by counsel.

Yours truly,

MILLER THOMSON LLP

Per: 

Nicole T. Taylor-Smith  
NTS/fm  
Enclosures  
c. clients  
11835539.1

COURT FILE NUMBER 25-1859192

ESTATE NO. 25-1859192

COURT COURT OF QUEEN'S BENCH OF ALBERTA  
IN BANKRUPTCY AND INSOLVENCY

JUDICIAL CENTRE CALGARY

PROCEEDING **IN THE MATTER OF THE PROPOSAL OF  
3 EAU CLAIRE DEVELOPMENTS INC.**

**SERVICE LIST**

**Action No. 25-1859192**

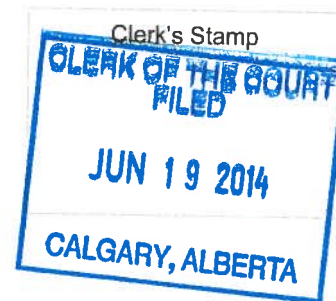
<b>Party</b>	<b>Telephone</b>	<b>Representing</b>
3 Eau Claire Developments Inc. #102, 615 – 3 Avenue SW Calgary, AB T2P 0G6  Contact: James Park E-Mail: bicsta@gmail.com  Contact: Andrew Lee E-Mail: sjlee@3ecd.net  Contact: James Kang E-Mail: jkang@3ecd.net	403.453.5004	
Miller Thomson LLP 3000, 700 – 9 Avenue SW Calgary, AB T2P 3V4  Contact: Nicole Taylor-Smith E-Mail: ntaylorsmith@millerthomson.com  Contact: Joshua Selby E-Mail: jiselby@millerthomson.com  Contact: Jeff Selby E-Mail: jhselby@millerthomson.com	403.298.2400	Counsel for 3 Eau Claire Developments Inc.
Deloitte Restructuring Inc. – Trustee 700 Bankers Court 850 – 2 Avenue SW Calgary, AB T2P 0R8  Contact: Vanessa A. Grant E-Mail: vgrant@deloitte.ca  Contact: Jeff Keeble E-Mail: jkeeble@deloitte.ca	403.267.1777	Proposed Trustee

<p>Borden Ladner Gervais LLP 1900, 520 – 3<sup>rd</sup> Avenue SW Calgary, AB T2P 0R3</p> <p>Contact: Robyn Gurofsky E-Mail: RGurofsky@blg.com</p>	403.232.9774	Counsel for Korea Exchange Bank of Canada
<p>Hyundai Wise Calgary Private Investment Trusts c/o Computershare Trust Company of Canada 600, 530 – 8 Avenue SW Calgary, AB T2P 3S8 Attention: Manager Corp. Trust</p> <p>Contact: Karen Biscope E-mail: Karen.Biscope@computershare.com</p> <p>Contact: Beatriz Fedozzi E-Mail: Beatriz.Fedozzi@computershare.com</p> <p>National Agricultural Cooperative Federation 120, Tongil-ro, Jung-gu Seoul 100-707, Korea Attention: Jun-young Choi Manager, Trustee &amp; Custodian Dept.</p> <p>Contact: Jun-young Choi E-Mail: trustee1@naver.com</p>	82-2-2080-3682	Creditor
<p>Dentons Canada LLP 1500, 850 – 2 Street SW Calgary, AB T2P 0R8</p> <p>Contact: Travis Lysak E-Mail: travis.lysak@dentons.com</p> <p>Contact: John Sandrelli E-Mail: john.sandrelli@dentons.com</p>	403.268.7000	Counsel for Bosa Properties (Eau Claire) Inc.
<p>MMP Structural Engineering Ltd. 205, 1170 Kensington Crescent NW Calgary, AB T2N 1X6</p> <p>Contact: Minesh Modi E-Mail: minesh@mmpengineering.com</p>		Creditor
<p>Ford Credit Canada Leasing P.O. Box 2400 Edmonton, AB T5J 5C7</p>		Creditor

1713744 Alberta Ltd. 340, 4723 – 1 Street SW Calgary, AB T2G 4Y8		Creditor
PM REC Holdings Inc. c/o Suncor Energy Centre 3400 – 5 Avenue SW Calgary, AB T2P 3Y7  Contact: James McGinnis E-Mail: jmcginnis@parlee.com  Contact: Jerry Hockin E-Mail: jhockin@parlee.com	403.294.7000	Creditor
Robertson & Associates Engineering Ltd. c/o Carscallen LLP 1500, 407 – 2 Street SW Calgary, AB T2P 2Y3  Contact: Nicolas M. Ramessar E-Mail: ramessar@carscallen.com	403.262.3775	Creditor
NORR Architects Engineers Planners c/o Stones Carbert Waite LLP 2000, 645 – 7 Avenue SW Calgary, AB T2P 4G8  Contact: Kelly Patrick Colborne E-Mail: colborne@scwlawyers.com  Contact: Bruce McKenzie E-mail: bruce.mckenzie@norr.com	403.263.5656	Creditor
Shorebrook Capital Inc. c/o James B. Myers (Solicitor) 619, 610 Granville Street Vancouver, BC V6C 3T3  Contact: James B. Myers E-Mail: jbmyers@telus.net  Contact: Daniel Scott E-mail: Daniel@p3holdingsinc.om	604.682.8670	Creditor
David Warkentin 101, 1717 – 10 Street NW Calgary, AB T2M 4S2  E-mail: uptodate@telus.net		Creditor
Jimmy Kwok  E-mail: Jimmy.Kwok@albertahealthservices.ca		Deposit Holder

<p>Petrifond Foundation Company Limited  c/o Rose LLP  Suite 810, 333 – 5<sup>th</sup> Avenue SW  Calgary, AB T2P 3B6</p> <p>Contact: Jordan Milne  E-Mail: <a href="mailto:Jordan.Milne@rosellp.com">Jordan.Milne@rosellp.com</a></p>		<p>Creditor</p>
<p>Mark F. Crossfield Professional Corporation  413, 1333 – 8 Street SW  Calgary, AB T2R 1M6</p> <p>Contact: Mark F. Crossfield  Fax: 403.228.1511</p>	<p>403.228.1515</p>	<p>Residential Condominium Unit  Purchaser</p>

COURT FILE NUMBER 25-1859192  
ESTATE NO. 25-1859192  
COURT COURT OF QUEEN'S BENCH OF ALBERTA  
IN BANKRUPTCY AND INSOLVENCY  
JUDICIAL CENTRE CALGARY



PROCEEDING **IN THE MATTER OF THE PROPOSAL OF  
3 EAU CLAIRE DEVELOPMENTS INC.**

DOCUMENT **APPLICATION FOR SECOND EXTENSION OF TIME TO  
FILE A PROPOSAL**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT  
MILLER THOMSON LLP  
Barristers & Solicitors  
3000, 700 - 9th Avenue S.W.  
Calgary, AB, Canada T2P 3V4  
Nicole T. Taylor-Smith  
Telephone: 403.298.2401  
Fax: 403.262.0007  
E-mail: ntaylor-smith@millertomson.com  
File No.: 190822.0003

**NOTICE TO RESPONDENT:**

This application is made against you. You are the respondent.

You have the right to state your side of this matter before the judge.

To do so, you must be in Court when the application is heard as shown below:

**Date:** June 25, 2014  
**Time:** 11:00 a.m.  
**Where:** Calgary Courts Centre  
601 – 5 Street SW, Calgary, AB T2P 5P7  
**Before Whom:** The Honourable Madam Justice J. Streckf (Commercial List)

Go to the end of this document to see what else you can do and when you must do it.

**Remedy claimed or sought:**

1. An Order, in substantially the form attached hereto as Schedule "A", providing the following relief:

- (a) abridging time for service of the within Application, if require, validating service of the Application and supporting material, and dispensing with service of such application material on interested parties not served; and
- (b) extending the time for filing a proposal under section 50.4(9) of the *Bankruptcy and Insolvency Act* ("BIA") for a period of 45 days;
- (c) sealing the Second Confidential Affidavit of Andrew Seong-Jin Lee which discloses the letters of intent received from parties interested in acquiring or participating in the project; and
- (d) and such further and other relief as counsel may advise and this Honourable Court may deem just.

**Grounds for making this application:**

- 2. A Notice of Intention to Make a Proposal pursuant to section 50.4(1) of the BIA was filed with the Official Receiver on April 11, 2014 on behalf of 3 Eau Claire and Deloitte Restructuring Inc. consented to act as Trustee.
- 3. The financial performance of Eau Claire Developments Inc. has been in accordance with the projected cash flows.
- 4. The conditions set forth in s. 50.9 of the BIA are satisfied, namely:
  - (a) 3 Eau Claire has acted, and is acting, in good faith and with due diligence;
  - (b) The applicant is likely to make a viable proposal if the extension applied for is granted; and
  - (c) No creditor will be materially prejudiced if the extension being applied for is granted.
- 5. 3 Eau Claire has received offers for a development partner or the purchase and sale of the development property, and is working toward formulating a proposal to its creditors.
- 6. 3 Eau Claire is cooperating fully with the Trustee.
- 7. A sealing order is required to preserve the confidentiality of the letters of intent that have been received to avoid prejudicing any sales process.
- 8. Such further and other grounds as counsel may advise and this Honourable Court may consider.

**Material or evidence to be relied on:**

- 9. Affidavit sworn by Andrew Seong-Jin Lee sworn May 5, 2014;
- 10. Confidential Supplemental Affidavit of Andrew Seong-Jin Lee sworn May 5, 2014;
- 11. Second Affidavit of Andrew Seong-Jin Lee sworn June 19, 2014;
- 12. Second Confidential Affidavit of Andrew Seong-Jin Lee sworn June 19, 2014;
- 13. Second Report of the Trustee; and

14. Such further and other evidence as counsel may advise and this Honourable Court may permit.

**Applicable rules:**

15. Part 6 of the *Alberta Rules of Court*.

**Applicable Acts and Regulations:**

16. *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended.

**Any irregularity complained of or objection relied on:**

17. Not applicable.

**How the application is proposed to be heard or considered:**

18. In person.

**AFFIDAVIT EVIDENCE IS REQUIRED IF YOU WISH TO OBJECT**

**WARNING**

If you do not come to Court either in person or by your lawyer, the Court may give the applicant what it wants in your absence. You will be bound by any order that the Court makes. If you want to take part in this application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of the form. If you intend to rely on an affidavit or other evidence when the application is heard or considered, you must reply by giving reasonable notice of the material to the applicant.



SCHEDULE "A"

COURT FILE NUMBER 25-1859192

ESTATE NO. 25-1859192

COURT COURT OF QUEEN'S BENCH OF ALBERTA  
IN BANKRUPTCY AND INSOLVENCY

JUDICIAL CENTRE CALGARY

PROCEEDING **IN THE MATTER OF THE PROPOSAL OF  
3 EAU CLAIRE DEVELOPMENTS INC.**

DOCUMENT **SECOND EXTENSION ORDER**



ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

MILLER THOMSON LLP  
Barristers & Solicitors  
3000, 700 - 9th Avenue S.W.  
Calgary, AB, Canada T2P 3V4

Nicole T. Taylor-Smith  
Telephone: 403.298.2401  
Fax: 403.262.0007  
E-mail: ntaylor-smith@millerthomson.com

File No.: 190822.0003

DRAFT

DATE ON WHICH ORDER WAS PRONOUNCED: June 25, 2014

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary, Alberta

NAME OF JUSTICE WHO MADE THIS ORDER: The Honourable Madam Justice Streckf

UPON the application of the 3 Eau Claire Developments Inc. ("3 Eau Claire"); AND UPON having read the Application of 3 Eau Claire, the Affidavit of Andrew Seong-Jin Lee sworn May 5, 2014, the Second Affidavit of Andrew Seong-Jin Lee sworn June 19, 2014, the Confidential Supplemental Affidavit of Andrew Seong-Jin Lee sworn May 5, 2014, the Second Confidential Affidavit of Andrew Seong-Jin Lee sworn June 19, 2014 and the Second Report of the proposal trustee, Deloitte Restructuring Inc. ("Trustee"), filed, and such other material in the proceedings as are deemed necessary; AND UPON hearing counsel for 3 Eau Claire, the Trustee, and other interested parties;

IT IS HEREBY ORDERED AND DECLARED THAT:

*Service*

1. The time for service of notice of this application is abridge to the time actually given and service of the Application and supporting material as described in the Affidavit of Service

is good and sufficient, and this hearing is properly returnable before this Honourable Court today and further service thereof is hereby dispensed with.

*Extension*

2. The time for filing a proposal under section 50.4(9) of the *Bankruptcy and Insolvency Act*, RSC 1985, c. B-2 (as amended) (the "BIA") is hereby extended for 45 days from June 25, 2014 to August 9, 2014.

*Sealing Order*

3. Division 4 of Part 6 of the *Alberta Rules of Court* do not apply to this Application for Sealing Order.
4. The Second Confidential Affidavit of Andrew Seong-Jin Lee sworn June 19, 2014 in these proceedings shall be sealed and kept confidential, to be shown only to a Justice of the Court of Queen's Bench of Alberta, and accordingly, shall be filed with the Clerk of the Court who shall keep the Confidential Supplemental Affidavit of Andrew Seong-Jin Lee sworn June 19, 2014 in a sealed envelope (or multiple envelopes, as necessary), which shall clearly be marked "SEALED PURSUANT TO THE ORDER OF THE HON. MADAM JUSTICE J. STREKAF DATED JUNE 25, 2014".

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J.C.Q.B.A.

DRAFT



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IN BANKRUPTCY AND INSOLVENCY  
JUDICIAL CENTRE CALGARY

PROCEEDING **IN THE MATTER OF THE PROPOSAL OF  
3 EAU CLAIRE DEVELOPMENTS INC.**

DOCUMENT **SECOND AFFIDAVIT OF ANDREW SEONG-JIN LEE**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT  
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Barristers & Solicitors  
3000, 700 - 9th Avenue S.W.  
Calgary, AB, Canada T2P 3V4  
Nicole T. Taylor-Smith  
Telephone: 403.298.2401  
Fax: 403.262.0007  
E-mail: ntaylor-smith@millerthomson.com

File No.: 190822.0003

**SECOND AFFIDAVIT OF ANDREW SEONG-JIN LEE**

**Sworn on June 19, 2014**

I, ANDREW SEONG-JIN LEE, of the City of Calgary, in the Province of Alberta, SWEAR AND SAY THAT:

1. I am the Project Administrator and Jr. Project Manager of 3 Eau Claire Developments Inc. ("**3 Eau Claire**") and, as such, have personal knowledge of the facts and matters hereinafter deposed to except where stated to be based upon information and belief, and where so stated, I verily believe the same to be true. I am authorized to swear this Affidavit on behalf of 3 Eau Claire.
2. 3 Eau Claire filed Notice of Intention to Make a Proposal under on April 11, 2014. On May 8, 2014, Justice Horner granted an Order extending of the time for filing a Proposal for 45 days to June 25, 2014 (the "**First Extension Order**").

3. I deposed an Affidavit in support of an application to extend the stay of proceedings on May 5, 2014 ("**First Lee Affidavit**") and a Confidential Affidavit on May 5, 2014 which was sealed pursuant to the Sealing Order granted by Justice Horner on May 8, 2014 ("**First Confidential Affidavit**"). All capitalized terms not otherwise defined herein, shall have the same meanings as are ascribed thereto in the First Lee Affidavit.

### 3 EAU CLAIRE

4. 3 Eau Claire owns Lands in the Eau Claire district of downtown Calgary and had commenced development of a 652,788 square foot ("sf.") building comprised of 273,562 sf. of office space contained in the first 12 levels of the building and 446 residential condominium units in 379,226 sf. of residential space located in two towers above the office space (the "**Project**").
5. 3 Eau Claire has purchase agreements in place for 260 on the condominium units. All of the deposits paid by the condominium purchasers were being held in trust with the law firm of Parlee McLaws LLP but have recently been transferred to trust accounts held by Miller Thomson LLP. The reason that the funds were transferred to Miller Thomson LLP is because 3 Eau Claire's real estate counsel, Jeffrey Selby, moved his law practice from Parlee McLaws LLP to Miller Thomson LLP.
6. 3 Eau Claire encountered difficulties with the Project due to failed negotiations with Shaw to lease all of the office space in the Project which resulted in 3 Eau Claire's potential partner in the Project pursuant to a conditional Co-Ownership Agreement, Bosa, to withdraw from the Project.

### PROGRESS SINCE FIRST EXTENSION ORDER

7. Since the granting of the First Extension Order on May 8, 2014:
  - (a) 3 Eau Claire has received 2 Letters of Intent for the Project as follows:
    - (i) A Letter of Intent for the outright purchase of the Project ("**Purchase Offer 1**");
    - (ii) A Letter of Intent to enter into a partnership arrangement to complete the development of the Project ("**Partnership Offer 1**")

Copies of these offers are attached as exhibits to a Second Confidential Affidavit sworn by me. It is important that these Offers remain confidential to ensure that the sales process is not adversely affected;

- (b) In conjunction with Partnership Offer 1, 3 Eau Claire has set up a virtual data room with information regarding the Project so the interested party can commence due diligence and has met with representatives of the interested party on numerous occasions to conduct discussions and negotiations;
- (c) In conjunction with Purchase Offer 1, 3 Eau Claire has had meetings with the interested party to discuss the offer and the Project, the interested party had wanted to 3 Eau Claire to enter into a binding agreement, however due to these proceedings and because at this stage, 3 Eau Claire, needs to be able to keep its options open, a binding agreement could not be entered into. 3 Eau Claire and this interested party are discussing terms of a revised LOI which will allow this interested party to commence due diligence without a binding offer in place;
- (d) 3 Eau Claire has been working closely with Avison Young to market the Project, Avison Young expects to receive another purchase offer for the Project shortly and is in discussions with another party who may be interested in the Project;
- (e) 3 Eau Claire has been reporting regularly to counsel for KEB, the agent for Shorebrook Capital Inc. and the Korean lenders who are the beneficiaries of the Computershare mortgage, being the first three lenders in priority on title to the Lands;
- (f) 3 Eau Claire and its counsel has been responding the inquiries of various creditors, condominium purchasers, and other stakeholders on a regular basis; and
- (g) 3 Eau Claire has met and corresponded regularly with the Trustee, to review cash flows and to seek the input of the Trustee in relation to the ongoing Proposal Proceedings.

## PARKING OPERATIONS

8. 3 Eau Claire's main source of income is parking revenues. Prior to the filing of the Notice of Intention to Make a Proposal, 3 Eau Claire had entered into a parking lease with Precise Parklink West Ltd. ("**Precise**"). The lease required Precise to pay monthly rent to 3 Eau Claire for the lands so that Precise could run its parking operation. In May a dispute arose regarding the rights and responsibilities of the parties under the lease and Precise refused to pay rent. 3 Eau Claire attempted to resolve the dispute through negotiation but the dispute was unable to be resolved and 3 Eau Claire terminated the lease.
9. 3 Eau Claire entered into a Management Agreement with Imperial Parking Canada Corporation ("**IMPARK**") for parking operations on the Lands on June 6, 2014. The Management Agreement is structured as a revenue sharing arrangement whereby 3 Eau Claire will receive parking revenues after costs and management fees are paid.
10. In order to minimize the impact of the parking operation issues on 3 Eau Claire's cash flow projections, 3 Eau Claire's contractors waived salaries and wages which were owing for May and June in the approximate amount of \$26,000.
11. 3 Eau Claire believes that the parking revenue will support the cash flow projections in the future because the occupancy rates for the parking have increased due to improved marketing and signage installed by IMPARK.

## TURNAROUND EFFORTS

12. In the next 45 days, 3 Eau Claire intends to continue its discussions with the two entities that have provided letters of intent with a view to entering into a binding agreement (subject to court approval) with one of them (or with another purchaser) by the end of July.
13. Given the interest that has been shown in the Project, 3 Eau Claire is optimistic that it will be able to present a Proposal to its creditors. 3 Eau Claire has begun to consider what that Proposal might include but the structure of the Proposal will depend upon whether 3 Eau Claire enters into an agreement with a new partner for the Project or sells it outright.

14. 3 Eau Claire has, in good faith, been diligently pursuing activities aimed at the presentation of a proposal to its creditors under the BIA.
15. To the best of my knowledge, information and belief, none of the 3 Eau Claire's creditors will be materially prejudiced if the Court grants the relief being sought by the 3 Eau Claire.
16. I make this Affidavit in support of an application to the Court for an Order extending the time for 3 Eau Claire to file a Proposal for an additional 45 days and for an Order sealing the Second Confidential Affidavit of Andrew Seong-Jin Lee.

**SWORN BEFORE ME** at the City of )  
Calgary, in the Province of Alberta, this )  
19<sup>th</sup> day of June, 2014. )

\_\_\_\_\_  
A Commissioner for Oaths in and for the )  
Province of Alberta )

  
\_\_\_\_\_  
ANDREW SEONG-JIN LEE

**NICOLE T. TAYLOR-SMITH**  
Barrister & Solicitor