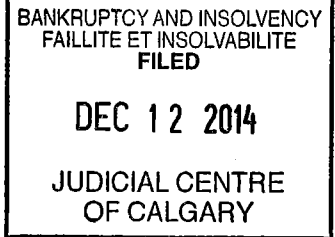


Deloitte.



COURT FILE NUMBER 25-1859192

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

JUDICIAL CENTRE CALGARY

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

APPLICANT DELOITTE RESTRUCTURING INC., IN ITS CAPACITY AS
COURT- APPOINTED RECEIVER AND MANAGER OF 3 EAU
CLAIRE DEVELOPMENTS INC.

DOCUMENT THE SECOND REPORT OF THE RECEIVER
DATED DECEMBER 12, 2014

**ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT**

Counsel

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Receiver

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Table of contents

Introduction and Notice to Reader	1
Introduction	1
Notice to Reader	2
Background	3
Creditors	5
Priority Claims	5
Secured Creditors	5
Unsecured Creditors	7
Sale of Lands	8
The Transaction	8
Commission Payable to Avison	8
Interim Statement of Receipts and Disbursements	10
Interim Distributions	11
Conclusion	13

SCHEDULES

- | | |
|------------|---|
| Schedule 1 | Summary of the Claims of Korea Exchange Bank, Korea Deposit Insurance Corporation and Shorebrook Capital Inc. |
| Schedule 2 | Interim Statement of Receipts and Disbursements for the Period ended December 10, 2014 |
| Schedule 3 | Professional Fees and Disbursements of the Receiver for the period ended December 5, 2014 and the Receiver's Legal Counsel for the period ended November 30, 2014 |
| Schedule 4 | Summary of Proposed Distributions |
| Schedule 5 | Professional Fees and Disbursements secured by the Administrative Charge |

Introduction and Notice to Reader

Introduction

1. On April 11, 2014, 3 Eau Claire Developments Inc. ("3 Eau Claire" or the "Company") filed a Notice of Intention to Make a Proposal (the "NOI") under Section 50.4(1) of the *Bankruptcy and Insolvency Act* (the "BIA"). Deloitte Restructuring Inc. ("Deloitte") consented to act as Trustee under the NOI (the "Proposal Trustee").
2. The Company was granted an initial 30-day stay of proceedings (the "Initial Stay") pursuant to Section 69(1) of the BIA. 3 Eau Claire was required to file a proposal (a "BIA Proposal") within the Initial Stay or within any further extension of that period granted by the Court of Queen's Bench of Alberta (the "Court"). The Court subsequently granted five Orders extending the stay of proceedings until September 29, 2014.
3. On August 15, 2014, the Court granted a Limited Receivership and Extension Order (the "August 15 Order") appointing Deloitte as receiver (the "Receiver"), without security, over all of 3 Eau Claire's current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (the "Property"). The Property consisted mainly of development land located at 633 3rd Avenue SW in Calgary (the "Lands") on which 3 Eau Claire intended to build an approximately 652,000 square foot mixed-use condominium project (the "Project"). Pursuant to the August 15 Order, 3 Eau Claire remained in possession of the Property with the Receiver being appointed for the limited purpose of negotiating the terms of a BIA Proposal (which could be done pursuant to a joint venture) or the outright sale of the Lands.
4. At a hearing on September 25, 2014 (the "September 25 Hearing"), the Court granted an Amended and Restated Receivership Order (the "Expanded Receivership Order") expanding Deloitte's powers as Receiver to those available under the Alberta model template receivership order.
5. The extension of the stay of proceedings granted pursuant to the NOI lapsed on September 29, 2014 without the Company having filed a BIA proposal. As such, 3 Eau Claire was deemed to have made an assignment in bankruptcy and Deloitte was appointed as trustee of the bankrupt estate.
6. The Proposal Trustee's First, Second, Third and Fourth Reports in these proceedings were respectively dated May 5, 2014, June 20, 2014, July 15, 2014 and August 13, 2014 (referred to collectively as the "Trustee's Reports"). The Proposal Trustee further filed a Supplement to the Third Report of the Trustee on July 30, 2014 (the "Trustee's Supplement").

7. The First Report of the Receiver was filed on September 22, 2014 (the "Receiver's First Report"). This report is the second report of the Receiver (the "Receiver's Second Report"). The Receiver's Second Report is being filed in respect of the Court hearing on December 18, 2014 (the "December 18 Hearing"), as further described later in this report.
8. Capitalized terms not otherwise defined herein have the meanings given to them in the Trustee's Reports, the Trustee's Supplement and the Receiver's First Report.
9. Information on both the NOI and the Receivership proceedings can be accessed on Deloitte's website at www.insolvencies.deloitte.ca.

Notice to Reader

10. In preparing the Receiver's Second Report, the Receiver has relied on unaudited financial information, the books and records of the Company and discussions with the former management of 3 Eau Claire, interested parties and stakeholders. The Receiver has not performed an independent review or audit of the information provided.
11. The Receiver assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the circulation, publication, reproduction, or use of the Receiver's Second Report.
12. All amounts are in Canadian dollars, unless otherwise indicated.

Background

13. Deloitte's activities in both its capacity as Proposal Trustee and its capacity as Receiver leading up to the September 25 Hearing are detailed in the Receiver's First Report. As noted above, the Receiver's First Report was filed in support of the Receiver's application at the September 25 Hearing pursuant to which the Court granted the following relief:
 - 13.1 Expanding Deloitte's powers as Receiver granted pursuant to the August 15 Order to those available under the Alberta model template receivership order (defined above as the "Expanded Receivership Order");
 - 13.2 Authorizing the Receiver to enter into an agreement of purchase and sale (the "APA") with Bentall Kennedy (Canada) LP ("Bentall") or its assignee (the "Purchaser"), approving the APA and the transfer of the Lands and vesting title in the Lands to the Purchaser free and clear of all encumbrances upon closing of the APA and declaring that the transaction contemplated in the APA (the "Transaction") is commercially reasonable; and
 - 13.3 Authorizing and directing the Receiver to execute and deliver the APA to the Purchaser to proceed with the Transaction and to take all steps necessary to complete the Transaction substantially in accordance with the terms of the APA, subject to such amendments as the Purchaser and the Receiver may agree to which do not materially and adversely alter the Transaction or the APA and approving the sale of the Lands pursuant to paragraph 3(l) of the Expanded Receivership Order.
14. Following the September 25 Hearing, the APA was executed in the same form as was attached as "Schedule 3" to the Receiver's First Report. Bentall subsequently assigned the APA to 4152 27th Street LP. The Transaction closed on November 10, 2014 (the "Closing Date") and the purchase price was paid in full. The Transaction is, however, still subject to final adjustments and revisions, which must be requested within 60 days of the Closing Date.
15. The Receiver's Second Report is being filed in support of the December 18 Hearing at which the Receiver will be seeking the following relief:
 - 15.1 Approving the reported actions of the Receiver to date in administering these proceedings;
 - 15.2 Approval of the Receiver's Interim Statement of Receipts and Disbursements for the period ended December 10, 2014 (the "Interim R&D");
 - 15.3 Approval of the distributions to Korea Exchange Bank ("KEB"), Korea Deposit Insurance Company ("KDIC"), as the beneficiary for the mortgage held by Computershare Trust

Company of Canada ("Computershare"), and Shorebrook Capital Inc. ("Shorebrook") as further described herein (defined herein as the "Proposed Distributions"); and

- 15.4 Approval of the professional fees and disbursements of the Receiver for the period ended December 5, 2014 and the Receiver's legal counsel for the period ended November 30, 2014 as further described herein (the "Receivership Professional Fees").

Creditors

Priority Claims

16. On May 8, 2014, the Court granted an Order approving a charge in the amount of \$50,000 as security for the professional fees and disbursements of the Proposal Trustee and the Company's legal counsel (the "Administrative Charge"). The Administrative Charge formed a first charge over the Property. On July 31, 2014, the Court granted a further Order approving an increase in the Administrative Charge from \$50,000 to \$100,000, together with an increase in the scope of the Administrative Charge to include the reasonable fees and expenses of the Proposal Trustee's legal counsel, Blake Cassels and Graydon LLP ("Blakes").
17. At the date of receivership, property taxes in the amount of approximately \$166,000 were due in respect of the Lands (the "Property Taxes"). The Property Taxes were paid by the Purchaser and adjusted upon closing of the Transaction.
18. 3 Eau Claire was being managed by three individuals, who the Proposal Trustee understood were contractors of the Company. Following the Receiver's review of 3 Eau Claire's books and records, it appears that one of these individuals (the "Employee") had been retained pursuant to an employment agreement with the Company dated January 1, 2014. We understand that 3 Eau Claire had not been remitting any payroll source deductions on behalf of the Employee and, as such, it is anticipated that Canada Revenue Agency ("CRA") will have a deemed trust claim for the employee portion for those payroll source deductions that should have been remitted by the Company. As this employee was acting in a managerial capacity, his responsibilities would preclude his eligibility to make a claim under the *Wage Earner Protection Program Act*. CRA has indicated that they will be completing an audit of 3 Eau Claire's payroll and GST accounts. The Receiver's review of 3 Eau Claire's records is ongoing, however, it is currently estimated that the deemed trust portion of CRA's claim will be approximately \$5,000.
19. The Receiver is not aware of any other potential priority claims.

Secured Creditors

20. As previously reported, 3 Eau Claire listed seven secured creditors, who held registered mortgages against the Lands (the "Mortgagors"). As at the date of this report, the claims of the Mortgagors total approximately \$47.5 million, broken down as follows:

Mortgage Holder	Principal ('000)
KEB	\$ 8,624
KDIC	29,192
Shorebrook	422
Bosa Properties (Eau Claire) Inc. (« Bosa »)	4,767
MMP Structural Engineers Ltd.	646
PM Rec Holdings Inc.	450
1713744 Alberta Ltd.	3,400
Total	<u>\$ 47,501</u>

21. At the Receiver's request, Blakes completed a review of the security held by KEB, KDIC and Shorebrook and determined that the security held by those parties is valid and enforceable. The Receiver has now requested that Blakes review the security held by Bosa to determine whether Bosa's security is valid and enforceable.
22. Attached as "Schedule 1" is a summary of the amounts claimed by KEB, KDIC and Shorebrook (respectively the "KEB Claim", the "KDIC Claim" and the "Shorebrook Claim"), which include interest and applicable costs up to December 18, 2014. We note as follows with respect to the KDIC Claim:
- 22.1 The amount claimed by KDIC is 28,100,415,015 South Korean Won ("SKW") and \$108,351 CAD for a total of \$29,192,280 CAD. For the purposes of this report, their claim has been converted using the Bank of Canada Exchange Rate for December 9, 2014 of \$1.00 CAD=966.1836 SKW; and
- 22.2 As previously reported, KDIC had originally indicated that the KDIC Claim should include interest calculated at a default rate of 25% per annum (the "Default Rate"), which was provided for under the corresponding loan documents following the repayment date or an event of default occurring. Blakes advised the Receiver that, in their opinion, KDIC was not eligible to receive the Default Rate as a result of the KDIC Claim being submitted pursuant to their mortgage security. Following further discussions with legal counsel for KDIC, it was agreed that the interest due on the KDIC Claim was payable at a rate of between 10.5% and 11.0%, (depending on the terms of the specific loan documents related to individual advances) and not at the Default Rate.
23. Based on the actual and estimated future realizations in the receivership, the Receiver anticipates that KEB, KDIC and Shorebrook will be paid in full. The Receiver anticipates that Bosa will suffer a

shortfall on their secured claim and does not anticipate that there will be any funds available for distribution to any of the Mortgagors registered subsequent to Bosa.

24. In addition to the claims of the Mortgagors, two additional creditors had filed builder's liens on the Lands totaling \$538,500 (the "Liens"). The Liens will not be paid as they rank behind the claims of the Mortgagors.
25. At the date of receivership, 3 Eau Claire was party to a full disclosure lease with a purchase option for a 2014 Ford Explorer (the "Vehicle") through Ford Credit Canada Leasing, A Division of Canadian Road Leasing Company ("Ford"). Following a review of a proof of claim filed by Ford, the Receiver determined that Ford's security was valid and enforceable and that there was no equity in the Vehicle. The Receiver subsequently disclaimed its interest in the Vehicle and returned it to Ford.

Unsecured Creditors

26. 3 Eau Claire lists unsecured creditors with claims totalling approximately \$1.4 million. As noted above, there will be a significant shortfall in satisfying the claims of the secured creditors; therefore, there will be no funds available for distribution to the unsecured creditors.

Sale of Lands

The Transaction

27. As reported above, on September 25, 2014, the Court approved the Transaction. Subsequent to the September 25 Hearing, the Receiver executed the APA with the Purchaser, in the form that was attached as "Schedule 3" to the Receiver's First Report. The Transaction included a total purchase price of \$39.6 million and was subject to all usual adjustments relating to similar sale transactions of vacant land in Alberta, including in respect of the Property Taxes, as further outlined in the APA.
28. The Transaction was also subject to a purchaser's inspection condition (the "Inspection Condition"), which had to be satisfied or waived within 30 days of Court approval of the Transaction. The Inspection Condition was waived on October 27, 2014 and the Transaction closed on November 10, 2014. The net purchase funds of approximately \$39.4 million were paid to the Receiver, as reflected in the Interim R&D.
29. The Transaction may still be subject to further adjustments or revisions between the Purchaser and the Receiver, which requests must be submitted within 60 days following the Closing Date. The Receiver will continue to hold \$100,000 in trust pending further adjustments being agreed upon or waived. The Purchaser has agreed that this amount is appropriate.

Commission Payable to Avison

30. On March 12, 2014, 3 Eau Claire entered into an Exclusive Listing Agreement (the "Listing Agreement") with Avison Young Real Estate Alberta Inc. ("Avison"). Pursuant to the Listing Agreement, Avison was retained to act as the Company's agent for the purchase and sale of the Lands or to procure a joint venture partner to complete the Project (the "Marketing Process"). The Listing Agreement established that a commission of \$400,000 plus GST would be payable to Avison in the event that they successfully negotiated the outright purchase of the Lands and that a commission of \$800,000 plus GST would be payable in the event that Avison successfully negotiated a joint venture partnership.
31. Avison was involved in the Marketing Process until the July 31 Hearing after which time Avison had only minimal involvement. Following the August 15 Hearing Avison had no involvement in the Marketing Process; however, subsequent to the execution of the APA, Avison did provide selected information to the Purchaser at their request.
32. As previously reported, the Receiver is not subject to any agreement with Avison with respect to the Marketing Process. The Receiver recognizes, however, the contribution of Avison in bringing forward

key interested parties, including the Purchaser, throughout the Marketing Process and in keeping these parties engaged during the Marketing Process. As such, the Receiver would not oppose the payment of a discounted commission of \$350,000 (plus GST) to Avison to recognize the contribution that Avison made to the Marketing Process despite the fact that they were not involved in the final negotiations with the Purchaser. The Receiver has discussed this with Avison and they are agreeable to the discounted commission described herein.

Interim Statement of Receipts and Disbursements

33. Attached as "Schedule 2" is the Interim R&D. As reflected therein, as at December 10, 2014, approximately \$39.3 million was being held in trust in respect of 3 Eau Claire.
34. The Interim R&D reflects total receipts of approximately \$39.5 million. The Receiver highlights the following with respect to these receipts:
- 34.1 Parking revenue of approximately \$80,000 was collected pursuant to a management agreement (the "Impark Agreement") with Imperial Parking Canada Corporation ("Impark") whereby Impark operated a parking lot on the Lands. Pursuant to the Impark Agreement, monthly parking revenue, net of a management fee and select agreed upon costs, were payable to the Company. Impark continued to manage the parking lot until the Transaction closed; and
- 34.2 Net sale proceeds of approximately \$39.4 million were generated by the Transaction, which was net of allowable adjustments including the payment of the Property Taxes and costs to relocate monthly parkers while testing on the Lands was being completed by the Purchaser.
35. The Interim R&D reflects disbursements of approximately \$268,000. The Receiver highlights the following with respect to these disbursements:
- 35.1 The Receiver's professional fees and disbursements total approximately \$161,000 (net of GST) for the period ended December 5, 2014; and
- 35.2 The Receiver's legal counsel's professional fees and disbursements total approximately \$93,000 (net of GST) for the period ended November 30, 2014 (collectively the "Receivership Professional Fees").
36. At the December 18 Hearing, the Receiver will be seeking approval of the Receivership Professional Fees. Attached as "Appendix 3" is a summary of the Receivership Professional Fees. Copies of the invoices described therein, including detailed time analysis, will be made available to the Court at the December 18 Hearing, if requested.

Interim Distributions

37. Attached as "Schedule 4" is a summary of the distributions for which the Receiver is seeking approval at the December 18 Hearing. We note as follows with respect to the Proposed Distributions:
- 37.1 KEB's Claim totals approximately \$8.6 million, including interest and applicable costs up to December 18, 2014, and will be paid in full;
 - 37.2 KDIC's Claim totals approximately \$29.2 million, including interest and applicable costs up to December 18, 2014, and will be paid in full. As reported above, for the purposes of this analysis, the KDIC Claim has been converted from SKW to CAD using the Bank of Canada Exchange Rate as at December 9, 2014. As such, the actual amount payable pursuant to the KDIC Claim will vary depending on the applicable exchange rate on December 18, 2014 when the Receiver anticipates making payment of the KDIC Claim; and
 - 37.3 Shorebrook's Claim totals approximately \$422,000, including interest and applicable costs up to December 18, 2014, and will be paid in full.
38. As noted above, an Administrative Charge in the amount of \$100,000 was established to secure payment of the professional fees of the Proposal Trustee, the Proposal Trustee's legal counsel and the Company's legal counsel. Attached as "Schedule 5" is a summary of the professional fees and disbursements secured by the Administrative Charge (the "NOI Professional Fees"), which include approximately \$56,800 (net of GST) for the Proposal Trustee, approximately \$4,000 (net of GST) for the Proposal Trustee's legal counsel and approximately \$76,000 (net of GST) for the Company's legal counsel for a total of \$136,800 (net of GST). The Receiver intends to pay the NOI Professional Fees on a pro-rata basis, which will result in a total payment of approximately \$41,500 to the Proposal Trustee, a total payment of approximately \$3,000 to the Proposal Trustee's legal counsel and a total payment of approximately \$55,500 to the Company's legal counsel.
39. Subject to any direction by the Court, the Receiver intends to pay the Commission in the amount of approximately \$367,500 (including GST) to Avison.
40. The Receiver intends to make a subsequent application to Court in early 2015 to distribute additional funds and seek its discharge. The Receiver intends to continue to hold approximately \$410,000 in trust to ensure there are sufficient funds to satisfy the following obligations:
- 40.1 Approximately \$210,000 for professional fees and disbursements to complete the administration of the receivership and the bankruptcy. We note that Bosa has provided an

invoice for approximately \$73,600 in connection with the granting of the Expanded Receivership Order that is currently being reviewed by the Receiver.

- 40.2 Approximately \$100,000 for potential priority claims, including any claim from CRA for employee source deductions, and for any ongoing administrative costs; and
- 40.3 Approximately \$100,000 to cover any further adjustments that may be required with respect to the Transaction.

Conclusion

41. The Receiver is recommending approval of the Proposed Distributions based on the fact that they obtained an independent legal opinion that the security held by each of KEB, KDIC and Shorebrook is valid and enforceable;
42. This report is being filed in support of the December 18 Hearing at which the Receiver will be seeking the following relief from the Court:
 - 42.1 Approval of the reported actions of the Receiver to date in administering these proceedings;
 - 42.2 Approval of the Interim R&D;
 - 42.3 Approval of the Receivership Professional Fees; and
 - 42.4 Approval of the Proposed Distributions.

DELOITTE RESTRUCTURING INC.,
in its capacity as Receiver of 3 Eau Claire
Developments Inc. and not in its personal or
corporate capacity



Jeff Keeble CA, CIRP, CBV
Senior Vice-President

Schedules

Schedule 1

3 Eau Claire Developments Inc. - in Receivership
Summary of Claims of Korea Exchange Bank, Korea Deposit Insurance Corporation and Shorebrook Capital Inc.

Korea Exchange Bank

	Amount (CAD)
Principal	\$ 8,177,821
Interest for the period ended December 18, 2014	407,119
Costs	39,450
Total	\$ 8,624,390

Korea Deposit Insurance Corporation

	Amount (SKW)	Amount (CAD)¹
Principal	19,765,600,000	\$ 20,457,395
Interest for the period ended December 18, 2014	14,100,783,047	14,594,310
Interest payments for the period ended December 18, 2014	(5,765,968,032)	(5,967,777)
Costs	104,687,413	108,351
Total	28,205,102,428	\$ 29,192,280

Note:

1. Converted at the Bank of Canada exchange rate as at December 9, 2014 (\$1.00 CAD = 966.1836 SKW). The exchange rate will be recalculated as at the date of payout.

Shorebrook Capital

	Amount (CAD)
Principal	\$ 326,250
Interest for the period ended September 30, 2014	68,513
Interest for the period from October 1, 2014 to December 18, 2014	25,421
Costs	2,000
Total	\$ 422,183

Schedule 2

**In the Matter of the Receivership of
3 Eau Claire Developments Inc.
Interim Statement of Receipts and Disbursements for the period ended December 10, 2014**

	<u>Amount</u>	<u>Notes</u>
Receipts		
Net proceeds from sale of assets	\$ 39,442,957	(1)
Net parking receipts	80,086	(2)
GST collected	4,004	
Cash held in bank	101	(3)
Total Receipts	<u>39,527,149</u>	
Disbursements		
Professional fees and disbursements of the Receiver	161,078	(4)
Professional fees and disbursements of the Receiver's legal counsel	92,895	(5)
Contract services	634	
Miscellaneous	396	
GST paid	12,708	
Total Disbursements	<u>267,711</u>	
Excess of Receipts over Disbursements	<u>\$ 39,259,438</u>	

Notes:

- (1) On September 25, 2014, the Court granted an Order approving the sale of development land located at 633 3rd Avenue SW in Calgary (the "Lands") to Bentall Kennedy (Canada) LP ("Bentall") or its assignee. Bentall assigned its interest in the asset purchase agreement to 4152 - 27th Street LP (the "Purchaser"). The sale of the Lands to the Purchaser (the "Transaction") closed on November 10, 2014 and sale proceeds of \$39,442,957 were paid to the Receiver (the "Sale Proceeds"). The Sale Proceeds were net of allowable adjustments including a payment of approximately \$165,956 for outstanding property taxes.
- (2) 3 Eau Claire entered into a management agreement (the "Impark Agreement") with Imperial Parking Canada Corporation ("Impark") whereby Impark operated a parking lot on the Lands. 3 Eau Claire was receiving monthly parking revenue net of a management fee and selected agreed upon costs pursuant to the Impark Agreement. Impark continued to manage the parking lot until the Transaction closed on November 10, 2014.
- (3) At the date of receivership, 3 Eau Claire held a bank account with CIBC. This account has now been closed and all funds have been paid into trust with the Receiver.
- (4) Includes the professional fees and disbursements of the Receiver, Deloitte Restructuring Inc., for the period ended December 5, 2014.
- (5) Includes the professional fees and disbursements of the Receiver's legal counsel, Blake, Cassels & Graydon LLP, for the period ended November 30, 2014.

Schedule 3

3 Eau Claire Developments Inc. - in Receivership
Professional Fees and Disbursements of the Receiver for the Period Ended December 5, 2014 and the Receiver's
Legal Counsel for the Period Ended November 30, 2014

Receiver: Deloitte Restructuring Inc.		Period Covered	Amount	GST	Total
Invoice #		Period ended December 5, 2014	\$161,078.40	\$ 8,053.92	\$169,132.32
3704529					
Total			161,078.40	8,053.92	169,132.32

Receiver's legal counsel: Blake, Cassels & Graydon LLP		Period Covered	Amount	GST	Total
Invoice #		Period ended July 31, 2014	5,859.50	292.98	6,152.48
1785687B		Period ended August 31, 2014	20,840.53	1,041.73	21,882.26
1791258		Period ended September 30, 2014	36,590.79	1,829.54	38,420.33
1707017		Period ended October 31, 2014	20,527.52	1,025.64	21,553.16
1802741		Period ended November 30, 2014	9,076.73	452.29	9,529.02
1808609					
Total			92,895.07	4,642.18	97,537.25

Total professional fees and disbursements **\$ 253,973.47** **\$ 12,696.10** **\$ 266,669.57**

Schedule 4

**In the Matter of the Receivership of
3 Eau Claire Developments Inc.
Proposed Distributions**

	Amount	Notes
Net Funds held by the Receiver	\$ 39,259,438	(1)
Less:		
Holdbacks		(2)
Professional fees and disbursements to complete the administration of the estate	210,000	
Potential priority claims and administrative costs	100,000	
Final statement of adjustments related to sale of assets	100,000	
	410,000	
Less:		
Outstanding amounts payable		
Commission to Avison Young Real Estate Alberta Inc. (GST included)	367,500	(3)
Amounts secured by administrative charge	100,000	(4)
	467,500	
Net amount available for distribution	\$ 38,381,938	
Estimated distributions to secured creditors		(5)
Korea Exchange Bank	\$ 8,624,390	
Korea Deposit Insurance Corporation as the beneficiary of the mortgage held by Computershare Trust Company of Canada	29,192,280	
Shorebrook Capital Inc.	422,183	
Excess funds	143,085	
Total estimated distributions to secured creditors	\$ 38,381,938	

Notes:

- (1) This represents the amount held in the Receiver's trust account as at December 10, 2014 as further described in the Receiver's Interim Statement of Receipts and Disbursements for the Period Ended December 10, 2014.
- (2) \$305,000 will continue to be held in trust by the Receiver to ensure there are sufficient funds to satisfy professional fees and disbursement to complete the administration of the receivership and the bankruptcy, to pay any potential priority claims and ongoing administrative costs and to cover any further adjustments that may be required related to the sale of development land located at 633 3rd Avenue SW.
- (3) Includes commission that may be payable to Avison Young Real Estate Alberta Inc.
- (4) On May 8, 2014, the Court granted an Order approving a charge in the amount of \$50,000 as security for the professional fees and disbursements of the Proposal Trustee and legal counsel for 3 Eau Claire Developments Inc. (the "Administrative Charge"). On July 31, 2014, the Court granted a further Order approving an increase in the Administrative Charge from \$50,000 to \$100,000, together with an increase in the scope of the Administrative Charge to include the reasonable fees and expenses of the Proposal Trustee's legal counsel.
- (5) The Receiver obtained an independent legal opinion that the security held by these parties is valid and enforceable. Amounts include interest and applicable costs up to December 18, 2014.

Schedule 5

**3 Eau Claire Developments Inc. - in Receivership
Professional Fees and Disbursements Secured by the Administrative Charge**

Proposal Trustee: Deloitte Restructuring Inc.

Invoice #	Period Covered	Amount	GST	Total
3596776	Period ended May 2, 2014	\$ 18,987.24	\$ 936.86	\$ 19,924.10
3618967	Period ended July 4, 2014	18,319.80	915.99	19,235.79
3629663	Period ended July 25, 2014	19,502.30	975.12	20,477.42
Total		56,809.34	2,827.97	59,637.31

Proposal Trustee's Legal Counsel fees: Blake, Cassels & Graydon LLP

Invoice #	Period Covered	Amount	GST	Total
1785687A	Period ended July 31, 2014	4,030.00	201.50	4,231.50
Total		4,030.00	201.50	4,231.50

Debtor's Legal Counsel: Miller Thomson LLP

Invoice #	Period Covered	Amount	GST	Total
2599372 ¹	Period ended May 9, 2014	3,828.79	166.44	3,995.23
2618368	Period ended June 26, 2014	12,891.05	641.21	13,532.26
2629821	Period ended July 25, 2014	24,586.80	1,228.84	25,815.64
2635135	Period ended August 15, 2014	34,710.42	1,735.53	36,445.95
Total		76,017.06	3,772.02	79,789.08

Total professional fees and disbursements secured by the Administrative Charge **\$ 136,856.40 \$ 6,801.49 \$ 143,657.89**

Note:

1. This original amount of this invoice was \$13,995.23 (GST included); however, we are advised by Miller Thomson LLP that \$3,995.23 is the outstanding balance due for this invoice.

Proposed Distribution pursuant to the Administrative Charge:

Payee:	% secured by the Administrative Charge	Pro-rata Amount Payable
Deloitte Restructuring Inc.	42%	\$ 41,513
Blake, Cassels & Graydon LLP	3%	2,946
Miller Thomson LLP	56%	55,541
Total	100%	\$ 100,000