



COURT FILE NUMBERS 1901 - 18029

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

APPLICANTS SUN LIFE ASSURANCE COMPANY OF CANADA, AND THOSE OTHER APPLICANTS SET OUT IN THE ATACHED SCEHDULE "A.1"

RESPONDENTS SUNDANCE PLACE II LTD., SUNDANCE PLANCE II 1000 LIMITED PARTNERSHIP by its general partner SUNDANCE PLACE II LTD., AND THOSE RESPONDENTS SET OUT IN THE ATACHED SCHEDULE "A.2"

PROCEEDINGS IN THE MATTER OF AN APPLICATION UNDER SECTION 47(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT, RSC 1985, c B-3*

AND IN THE MATTER OF AN APPLICATION UNDER SECTION 13(2) OF THE *JUDICATURE ACT, RSA 2000, c J-2*

DOCUMENT January 27, 2020 *Brief.*

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ALVAREZ & MARSAL

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INTRODUCTION

1. On December 20, 2019 (the “**Interim Receivership Date**”), by order of the Honourable Justice K.M. Horner of the Court of Queen’s Bench of Alberta (the “**Court**”) (the “**Interim Receivership Order**”), Alvarez & Marsal Canada Inc. (the “**Interim Receiver**”) was appointed receiver and manager without security, of the lands and premises legally described in Schedule “C” attached to the Interim Receivership Order (the “**Lands**”) and all of the Debtors’ (as defined in the Interim Receivership Order and listed in Schedule “A.2” attached thereto) present and after-acquired personal property situated on the Lands (the “**Collateral**” or, when reference is being made to the Collateral and the Lands, collectively, the “**Property**”) pursuant to section 47(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (“**BIA**”) and section 13(2) of the *Judicature Act*, RSA 2000, c J-2. The proceedings referenced herein will hereinafter be defined as the “**Interim Receivership Proceeding**”.
2. On January 27, 2020, Sun Life Assurance Company of Canada together with certain other mortgage lenders (collectively, the “**Applicants**”), filed a Notice of Application seeking an order that among other things, expands the powers granted to the Interim Receiver in respect of the property subject to mortgage security held by the Applicants (the “**Receivership Order**”). The Interim Receiver understands that Telus Pension Master Trust (“**TPMT**”), a beneficial owner of an undivided interest in a number of the properties comprising the Lands under the Interim Receivership Order also supports the application for the Receivership Order.

PURPOSE OF THE REPORT

3. The purpose of this second report of the Interim Receiver is to report on discussions the Interim Receiver has had with various interested stakeholders regarding the Interim Receiver’s preliminary views on how to potentially approach the development of a sales and marketing plan or process (“**Sales Process**”) in respect of the Lands, if granted such powers by this Honourable Court.

RECEIVERSHIP ORDER (POTENTIAL EXPANDED POWERS)

Pre-Marketing and Planning

4. The draft Receivership Order provides the Receiver (as defined therein) with the power to:
 - (a) work with the Applicants and other interested stakeholders to develop a Sales Process, including those mortgage lenders in the Interim Receivership Proceeding who may not immediately fall under the Receivership Order at the date that order is granted;
 - (b) implement a Sales Process, upon Court approval;
 - (c) sell any or all of the Property;
 - (d) apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers; and
 - (e) make interim distributions to the Applicants from any surplus rental payments collected by the Receiver of principal and interest owing to the Applicants under their respective mortgages.
5. Prior to embarking on a Sales Process and/or seeking an order from this Honourable Court for a Sales Process, it would be the intention of the Interim Receiver to perform the following pre-marketing and planning steps:
 - (a) request proposals from real estate brokerages and/or investment bankers with the requisite experience to act as a licensed broker agent and as a real estate advisor to the Receiver in the development of a Sales Process (the “**Broker-Advisor**”);
 - (b) perform sufficient due diligence in conjunction with the Broker-Advisor to assess alternative marketing strategies including but not limited to, marketing the Property on a portfolio or sub-portfolio basis, incorporating a stalking horse bidder mechanism into the Sales Process, staging listings of various properties of a similar type/class (where certain properties are brought to market on a priority basis or over time depending on the current market conditions for a particular asset type or class) and/or individual sales listings for a number of the subject properties that may not benefit from being offered for sale on a

collective basis; and

- (c) with the input on strategy and approach from the Broker-Advisor, draft an indicative Sales Process and disseminate same to the Applicants and other mortgage lenders, as well as the owners and co-owners of the Property, to seek input and feedback from the various parties.
6. Within a reasonable period and only once sufficient consultation with the Applicants, other mortgage lenders and owners/co-owners has been completed, will the Receiver seek a Sales Process Order from this Honourable Court.
 7. Following numerous requests for the preliminary thoughts and views of the Interim Receiver regarding a possible sales process involving the Lands, the Interim Receiver has held preliminary discussions and meetings with various mortgage lenders and their respective legal counsel as well as legal counsel and advisors to TPMT and IEC Ltd. and Audeamus Capital Corp. (together, the “**Strategic Group**”). The Interim Receiver has received substantial and constructive feedback from the various stakeholders including certain parties who may issue Termination Certificates and plan to withdraw from the Interim Receivership Proceeding.
 8. A large number of mortgage lenders have advised the Interim Receiver that in order to consider participation in any form of sales process and not issue Termination Certificates and withdraw from the Interim Receivership Proceeding they will require a high degree of visibility into any such sales process being contemplated and that any sales process that is designed or developed must provide maximum flexibility and optionality for mortgage lenders while meeting the objective of maximizing value for all stakeholders. It is the Interim Receiver’s intention to make all reasonable efforts to address the concerns of the mortgage lenders regarding their need for flexibility and optionality as part of an orderly Sales Process, taking into account the various commercial considerations that exist in the current market environment, the unique ownership of the Property and the advice and input of the Broker-Advisor.

INTERIM RECEIVER'S CONCLUDING COMMENT

9. Whilst the Interim Receiver has not yet been empowered under the Interim Receivership Order to market the Property, it has been in preliminary discussions and meetings with various stakeholders who have requested relevant information on the development of a sales process which would affect their collateral/lands. Accordingly, the Receiver has submitted this Second Report to provide the Court further information in respect of the Interim Receiver's activities in this regard.

All of which is respectfully submitted this 27th day of January 2020.

**ALVAREZ & MARSAL CANADA INC.,
In its capacity as Receiver in the Receivership of Sundance Place II, et al.,
In Alberta Court of Queen's Bench Action 1901-18029
and not its personal or corporate capacity**



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