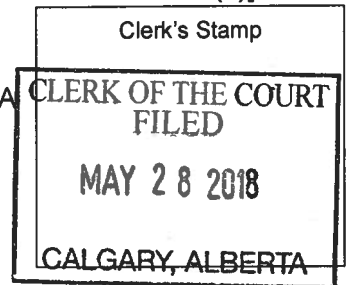


Form 27
[Rules 6.3 and 10.52(1)]

COURT FILE NUMBER 1401-12431
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
APPLICANT ACCESS MORTGAGE CORPORATION
(2004) LIMITED
RESPONDENT ARRES CAPITAL INC.



- and -

COURT FILE NUMBER 0903-17684 and 0903-17685
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
RESPONDENT (PLAINTIFF) ARRES CAPITAL INC.

NON-PARTICIPANTS (DEFENDANTS) GRAYBRIAR LAND COMPANY LTD. and GRAYBRIAR GREENS INC.

RESPONDENTS (NON-PARTIES) RICHCROOKS ENTERPRISES (2000) LTD., RICHCROOKS HOLDINGS LTD., 515476 ALBERTA LTD., DEMEL FINANCIAL CORP., GREENMAR HOLDINGS INC., ACCESS MORTGAGE INVESTMENT CORPORATION (2004) LIMITED, 4-A PROFESSIONAL SERVICES LTD., TEMPEST MANAGEMENT INC., HUDSON PRINCIPLE INVESTMENTS LTD., SWARTZ BROS. LIMITED, CHRISTOPHER SCHULTZ CONSULTING INC., CURLEW FINANCE, PAUL KORNLYO, MAX FELDMAN, SONYA SMITH, NORMAN MARTIN, BERNICE MARTIN, R. BRUCE CARSON, DELORES CARSON, LEELA KRISHNOMOURTHY, MARGUERITE MCRITCHIE, PRITI GAUR, MADHU GAUR, WENDY MCKENNA, JANET LORRAINE WATSON, JIM WATT, GASTON RAJAKARUNA, SHIRLEY RAJAKARUNA, GARY DREFS, ROBERT ARMSTRONG, MICHAEL KURTZ, MARLENE KURTZ, KEVEN R. PEDERSEN, SUSAN FINE, CAROL KIMIYO SEKIYA, HOLLY SEKIYA and STEVEN OGG

RESPONDENT (INTERVENOR) TERRAPIN MORTGAGE INVESTMENT CORP.

RESPONDENT (INTERESTED PARTY) 1798583 ALBERTA LTD.

- and -

COURT FILE NUMBER	1201-16440
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
PLAINTIFFS	KENZIE FINANCIAL INVESTMENTS LTD., SHELLY BECK, THERESE F. DALEY, LINDA JAEGER, ANDREW LITTLE, LAURIE LITTLE, AGNES M. OBERG, STEVEN OGG, LESTER S. IKUTA PROFESSIONAL CORPORATION, LESTER IKUTA, MICKEY IKUTA, BRIAN SEKIYA, HOLLY SEKIYA, SANDRA SOMMER, MARION SOMMER, ALLAN SOMMER, STEVEN REILLY, SWARTS BROS LIMITED and CLARA MAE WOROSCHUK
DEFENDANTS	ARRES CAPITAL INC. and WESLEY SERRA
THIRD PARTY DEFENDANTS	Y-K PROJECTS LTD., ALLEN BECK and SHELLY BECK
DOCUMENT	APPLICATION
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	McCARTHY TÉTRAULT LLP 4000, 421 – 7 th Avenue SW Calgary, AB T2P 4K9 Attention: Walker W. MacLeod / Pantelis Kyriakakis Telephone: 403-260-3710 / 3536 Facsimile: 403-260-3501 Email: wmacleod@mccarthy.ca / pkyriakakis@mccarthy.ca

NOTICE TO RESPONDENT:

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

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

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

Date:	June 4, 2018
Time:	2:00 p.m.
Where:	Calgary Courts Centre
Before Whom:	The Honourable Justice B.E.C. Romaine

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

Remedy claimed or sought: Alvarez & Marsal Canada Inc., in its capacity as the court-appointed receiver (the “**Receiver**”) of Arres Capital Inc. (the “**Debtor**”), pursuant to the order issued by the Honourable Madam Justice Strekaf under the *Civil Enforcement Act* (Alberta) (the “**CEA**”) on February 13, 2015, as subsequently amended and restated pursuant to the Order issued by the Honourable Madam Justice B.E.C. Romaine on October 23, 2017 (the “**Receivership Order**”), in the proceedings under Court File Number 1401-12431 (the “**Receivership Proceedings**”), applies for two (2) Orders, substantially in the forms attached as Schedules “**A**” and “**B**” hereto:

1. Declaring that this application (the “**Application**”) is properly returnable on June 4, 2018, service of this Application and the Second Report of the Receiver, dated May 29, 2018 (the “**Second Receiver’s Report**”) is validated and declared to be good and sufficient, that service of the Application and Second Receiver’s Report on the persons listed on the service list is validated, good, and sufficient, and that no persons, other than those listed on the service list, are entitled to service of the Application or the Second Receiver’s Report.
2. Directing the Clerk of the Court to pay out to the Receiver the funds and all accumulated interest thereon (the “**Graybriar Court Funds**”) currently held under Court File Numbers 0903-17684 and 0903-17685 (the “**Graybriar Actions**”), derived from the sale of certain units (individually, a “**Unit**”, collectively, the “**Units**”) under Condominium Plan 0827766 (the “**Condo Plan**”), which Graybriar Court Funds are comprised of:
 - (a) all funds derived from the sale of Unit 48 and paid into Court, under the Graybriar Actions, pursuant to the Order of Master K. Laycock granted on February 1, 2016;
 - (b) all funds derived from the sale of Unit 63 and paid into Court, under the Graybriar Actions, pursuant to the Order of Master A. Robertson granted on March 10, 2016;
 - (c) all funds derived from the sale of Unit 65 and paid into Court, under the Graybriar Actions, pursuant to the Order of Master J. Farrington granted on June 14, 2016;
 - (d) all funds derived from the sale of Unit 69 and paid into Court, under the Graybriar Actions, pursuant to the Order of Master A. Robertson dated August 25, 2017;

- (e) all funds derived from the sale of Unit 67 and paid into Court, under the Graybriar Actions, pursuant to the Order of Master A. Robertson dated November 1, 2017 and subsequently amended pursuant to an Amended Order of Master J.L. Mason dated December 15, 2017; and,
- (f) all funds derived from the sale of Unit 68 and paid into Court, under the Graybriar Actions, pursuant to the Consent Order of Master J.L. Mason dated December 15, 2017.

(collectively, the "**Graybriar Sale Approval Orders**")

3. Directing counsel to Terrapin Mortgage Investment Corp. ("**Terrapin**"), Bishop & McKenzie LLP ("**B&M**"), to pay to the Receiver all funds held by it and all interest accrued thereon (the "**Graybriar Solicitor Funds**" and, collectively with the Graybriar Court Funds, the "**Graybriar Funds**") currently held by B&M and derived from the sale of Unit 55 of the Condo Plan.
4. Directing the Clerk of the Court to pay out to the Receiver the \$235,000 and all accumulated interest thereon (the "**Court Funds**") currently held under Court File Number 1201-16440 (the "**Kenzie Action**") and paid into Court on February 14, 2014, pursuant to and in accordance with the Order of the Honourable Justice Wilkins issued on February 11, 2014 (the "**Stay Order**").
5. Declaring and confirming that the Graybriar Funds and the Court Funds (collectively, the "**Funds**") are subject to the Receiver's Charge and the Receiver's Borrowings Charge (as such terms are defined under the Receivership Order) and authorizing the Receiver to utilize the Funds to pay current and future indebtedness owing on each of the Receiver's Charge and the Receiver's Borrowings Charge.
6. Approving the claims process attached as Appendix "**A**" to the proposed form of Order (Claims Process) attached as Schedule "**B**" hereto (collectively, the "**Claims Process**") for determining the claims of all persons with claims that relate to the Graybriar Funds, and authorizing and directing the Receiver to implement the Claims Process in respect of the Graybriar Funds and to take any and all such actions as the Receiver determines necessary or advisable to complete the various steps contemplated in the Claims Process.

7. Approving the actions and conduct of the Receiver and the fees and disbursements of the Receiver and its legal counsel for services rendered up to and including April 30, 2018.
8. Such further and other relief as counsel for the Receiver may advise.

Grounds for making this application:

The Graybriar Funds

9. Graybriar Land Company Ltd. ("**Graybriar**") was the owner of certain lands (the "**Lands**") upon which the Units were constructed.
10. The Debtor provided certain funds to Graybriar which were secured pursuant to:
 - (a) a Mortgage, dated November 5, 2006, as granted by Graybriar to and in favour of the Debtor, as security for the repayment of \$2,800,000; and,
 - (b) a Mortgage, dated August 15, 2007, as granted by Graybriar to and in favour of the Debtor, as security for the repayment of \$9,700,000.(collectively referred to as, the "**Arres Mortgages**")
11. There are several Claims being advanced to the Graybriar Funds, which are summarized as follows:
 - (a) various persons who invested in the Arres Mortgages (collectively, the "**Graybriar Investors**") assert that the Arres Mortgages are held by the Debtor in trust for their benefit (the "**Graybriar Investor Claims**")'
 - (b) Terrapin asserts that it has an equitable mortgage claim to certain of the Units and the Graybriar Funds that purports to be in priority to the Arres Mortgages (the "**Terrapin Claim**");
 - (c) persons who are related to the Debtor have provided the Receiver with records that suggest that the Debtor's interest in the receivables to be paid to the Debtor pursuant to the Arres Mortgages was previously assigned to them (the "**Related Party Claims**"); and

(d) various persons have registered builders' liens against the Lands (the "**Lien Creditors**") and may be able to assert a claim to the Graybriar Funds in priority to the Arres Mortgages (the "**Lien Claims**").

12. All of the Units have now been sold, pursuant to the Graybriar Sale Approval Orders, and all net proceeds have been paid into Court or are held by B&M in accordance with the terms and conditions of the Graybriar Sale Approval Orders. It is necessary to resolve the validity and priority of the Graybriar Investor Claims, the Terrapin Claim, the Related Party Claim, the Lien Claims and any other unknown Claims in order to distribute the Graybriar Funds to the properly entitled persons.

The Court Funds

13. The Court Funds were paid into Court pursuant to the Stay Order. The Stay Order operated to stay the operation of a summary judgment order issued by the Debtor pending appeal. The plaintiffs in the Kenzie Action are unsecured judgment creditors and the Stay Order did not operate to provide them with any security interest, lien, charge or other proprietary interest in and to the Court Funds.

The Claims Process

14. Subject to this Honourable Court's determination that the Receiver's Charge extends to the Funds, the Receiver seeks approval to implement the Claim Process, solely with respect to any Claims against the Graybriar Funds. The Claims Process will provide for the timely and effective resolution of all Claims to the Graybriar Funds, including the Graybriar Investor Claims, the Terrapin Claim, the Related Party Claim and the Lien Claims.
15. The material dates associated with the Claims Process are as follows:
 - (a) Forms shall be posted on the Receiver's website by June 8, 2018;
 - (b) The Receiver shall mail the Proofs of Claim to the last known address of all Graybriar Investors and Lien Creditors on or before June 8, 2018;
 - (c) A newspaper advertisement in a newspaper determined to be advisable to the Receiver shall be publicized on or before June 22, 2018;

- (d) Proofs of Claim in respect of creditors or claimants who wish to assert a Claim shall be required to be submitted on or before July 16, 2018;
- (e) In the event that a submitted Proof of Claim is not accepted, the Receiver shall send a notice revising or disallowing the proof of claim; and,
- (f) Any creditor who receives a notice of revision or disallowance and wishes to dispute the disallowance, quantum or classification set forth herein shall file an application for the determination of such claim within fifteen (15) days of receipt of the Receiver's notice of revision or disallowance.

16. Such further and other grounds as counsel for the Receiver may advise.

Material or evidence to be relied on:

- 17. The Second Report of the Receiver, dated May 29, 2018, to be filed.
- 18. Such further and other material as counsel for the Receiver may advise and this Honourable Court may permit.

Applicable rules:

- 19. Rule 6.3, 6.9, and 11.27 of the Alberta Rules Of Court, Alta. Reg. 124/2010.
- 20. Such further and other rules as counsel for the Receiver may advise and this Honourable Court may permit.

Applicable acts and regulations:

- 21. The *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended.
- 22. Such further and other acts and regulations as counsel for the Receiver may advise or this Honourable Court may permit.

Any irregularity complained of or objection relied on:

- 23. There are no irregularities complained of or objections relied on.

How the application is proposed to be heard or considered:

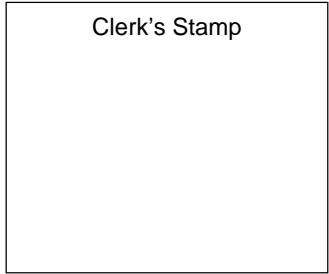
- 24. The Receiver proposes that the Application be heard in person with one, some or all of the parties present.

WARNING

If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) what they want 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"
FORM OF ORDER**

COURT FILE NUMBER 1401-12431
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
APPLICANT ACCESS MORTGAGE CORPORATION
(2004) LIMITED
RESPONDENT ARRES CAPITAL INC.



- and -

COURT FILE NUMBER 0903-17684 and 0903-17685
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
RESPONDENT (PLAINTIFF) ARRES CAPITAL INC.

NON-PARTICIPANTS (DEFENDANTS) GRAYBRIAR LAND COMPANY LTD. and GRAYBRIAR GREENS INC.

RESPONDENTS (NON-PARTIES) RICHCROOKS ENTERPRISES (2000) LTD., RICHCROOKS HOLDINGS LTD., 515476 ALBERTA LTD., DEMEL FINANCIAL CORP., GREENMAR HOLDINGS INC., ACCESS MORTGAGE INVESTMENT CORPORATION (2004) LIMITED, 4-A PROFESSIONAL SERVICES LTD., TEMPEST MANAGEMENT INC., HUDSON PRINCIPLE INVESTMENTS LTD., SWARTZ BROS. LIMITED, CHRISTOPHER SCHULTZ CONSULTING INC., CURLEW FINANCE, PAUL KORNLYO, MAX FELDMAN, SONYA SMITH, NORMAN MARTIN, BERNICE MARTIN, R. BRUCE CARSON, DELORES CARSON, LEELA KRISHNOMOURTHY, MARGUERITE MCRITCHIE, PRITI GAUR, MADHU GAUR, WENDY MCKENNA, JANET LORRAINE WATSON, JIM WATT, GASTON RAJAKARUNA, SHIRLEY RAJAKARUNA, GARY DREFS, ROBERT ARMSTRONG, MICHAEL KURTZ, MARLENE KURTZ, KEVEN R. PEDERSEN, SUSAN FINE, CAROL KIMIYO SEKIYA, HOLLY SEKIYA and STEVEN OGG

RESPONDENT (INTERVENOR) TERRAPIN MORTGAGE INVESTMENT CORP.

RESPONDENT (INTERESTED PARTY) 1798583 ALBERTA LTD.

- and -

COURT FILE NUMBER 1201-16440
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
PLAINTIFFS KENZIE FINANCIAL INVESTMENTS LTD., SHELLY BECK,
THERESE F. DALEY, LINDA JAEGER, ANDREW LITTLE,
LAURIE LITTLE, AGNES M. OBERG, STEVEN OGG, LESTER S.
IKUTA PROFESSIONAL CORPORATION, LESTER IKUTA,
MICKEY IKUTA, BRIAN SEKIYA, HOLLY SEKIYA, SANDRA
SOMMER, MARION SOMMER, ALLAN SOMMER, STEVEN
REILLY, SWARTS BROS LIMITED and CLARA MAE
WOROSCHUK
DEFENDANTS ARRES CAPITAL INC. and WESLEY SERRA
THIRD PARTY DEFENDANTS Y-K PROJECTS LTD., ALLEN BECK and SHELLY BECK
DOCUMENT **ORDER (Directing Release of the Graybriar Funds and the
Court Funds and Confirming the Receivership Charges)**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
McCARTHY TÉTRAULT LLP
4000, 421 – 7th Avenue SW
Calgary, AB T2P 4K9
Attention: Walker W. MacLeod / Pantelis Kyriakakis
Telephone: 403-260-3710 / 3536
Facsimile: 403-260-3501
Email: wmacleod@mccarthy.ca /
pkyriakakis@mccarthy.ca

DATE ON WHICH ORDER WAS PRONOUNCED: June 4, 2018
LOCATION OF HEARING: Calgary, Alberta
NAME OF JUDGE WHO MADE THIS ORDER: Justice B.E.C. Romaine

UPON the application of Alvarez & Marsal Canada Inc., in its capacity as the court-appointed receiver (the “**Receiver**”) of Arres Capital Inc. (the “**Debtor**”), pursuant to the order issued by the Honourable Madam Justice Strekaf under the *Civil Enforcement Act* (Alberta) (the “**CEA**”) on February 13, 2015, as subsequently amended and restated pursuant to the Order issued by the Honourable Madam Justice B.E.C. Romaine on October 23, 2017 (the “**Receivership Order**”), in the proceedings under Court File Number 1401-12431 (the “**Receivership Proceedings**”); **AND UPON** having read the Application, the Second Report of the Receiver, dated May 29, 2018 (the “**Second Receiver’s Report**”), and the

Affidavit of Service of Katie Doran, sworn on ●, all filed (the “**Service Affidavit**”); **AND UPON** hearing counsel for the Receiver and counsel for any other persons present;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. Service of the Application and the Second Receiver’s Report in the manner described in the Service Affidavit is good and sufficient and no persons other than those listed on the service list (the “**Service List**”) attached as an exhibit to the Service Affidavit are entitled to receive notice of the Application or service of the Second Receiver’s Report.
2. Any and all capitalized terms used herein and not otherwise defined are hereby given the meaning that such terms have under and pursuant to the Receivership Order.

RELEASE OF GRAYBRIAR FUNDS

3. The Clerk of the Court is hereby directed to pay out to the Receiver all funds and all interest accrued thereon (collectively, the “**Graybriar Court Funds**”) held under Court File Numbers 0903-17684 and 0903-17685 (the “**Graybriar Actions**”), derived from the sale of the units (individually, a “**Unit**”, collectively, the “**Units**”) under Condominium Plan 0827766 (the “**Condo Plan**”), which Graybriar Court Funds are comprised of:
 - (a) all funds held by this Court and derived from the sale of Unit 48 and paid into Court, under the Graybriar Actions, pursuant to the Order of Master K. Laycock granted on February 1, 2016;
 - (b) all funds held by this Court and derived from the sale of Unit 63 and paid into Court, under the Graybriar Actions, pursuant to the Order of Master A. Robertson granted on March 10, 2016;
 - (c) all funds held by this Court and derived from the sale of Unit 65 and paid into Court, under the Graybriar Actions, pursuant to the Order of Master J. Farrington granted on June 14, 2016;
 - (d) all funds held by this Court and derived from the sale of Unit 69 and paid into Court, under the Graybriar Actions, pursuant to the Order of Master A. Robertson granted on August 25, 2017;

- (e) all funds held by this Court and derived from the sale of Unit 67 and paid into Court, under the Graybriar Actions, pursuant to the Order of Master A. Robertson granted on November 1, 2017 and subsequently amended pursuant to an Amended Order of Master J.L. Mason granted on December 15, 2017; and,
- (f) all funds held by this Court and derived from the sale of Unit 68 and paid into Court, under the Graybriar Actions, pursuant to the Consent Order of Master J.L. Mason granted on December 15, 2017,

(collectively, the “**Graybriar Sale Approval Orders**”).

- 4. Bishop & McKenzie LLP is hereby directed to pay to the Receiver all funds and all interest accrued thereon derived from the sale of Unit 55 of the Condo Plan (collectively, along with the Graybriar Court Funds, referred to as, the “**Graybriar Funds**”).

RELEASE OF COURT FUNDS

- 5. The Clerk of the Court is hereby authorized, empowered, and directed to pay out to the Receiver all funds the \$235,000 and all accumulated interest thereon (the “**Court Funds**”) currently held under Court File Number 1201-16440 and paid into Court on February 14, 2014, pursuant to and in accordance with the Order of the Honourable Justice Wilkins issued on February 11, 2014.

CONFIRMATION OF RECEIVERSHIP CHARGES

- 6. The Graybriar Funds and the Court Funds (collectively, the “**Funds**”) are subject to each of the Receiver’s Charge and the Receiver’s Borrowings Charge. Each of the Receiver’s Charge and the Receiver’s Borrowing Charge shall form a first charge on the Funds in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any person but subject to section 14.06(7), 81.4(4) and 81.6(2) and 88 of the *Bankruptcy and Insolvency Act* (Canada), and the Receiver is authorized and empowered to apply the Funds against current or future indebtedness owing on either the Receiver’s Charge or the Receiver’s Borrowing Charge, as applicable.

APPROVAL OF CONDUCT, FEES AND DISBURSEMENTS

7. The actions and conduct of the Receiver, as of the date of the Second Receiver's Report and based upon the evidence contained in the Second Receiver's Report, be and are hereby approved.
8. The interim accounts of the Receiver and its legal counsel, as summarized at paragraph • of the Second Receiver's Report, be and are hereby approved.

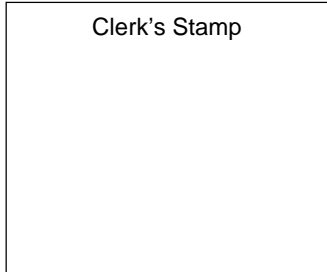
GENERAL

9. Service of this Order on the persons comprising the Service List shall be by any of email, facsimile, courier, registered mail, regular mail, or personal delivery, and no other persons, other than those on the Service List, are entitled to be served with a copy of this Order.

J.C.C.Q.B.A.

**SCHEDULE "B"
FORM OF ORDER**

COURT FILE NUMBER 1401-12431
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
APPLICANT ACCESS MORTGAGE CORPORATION
(2004) LIMITED
RESPONDENT ARRES CAPITAL INC.
DOCUMENT **ORDER (Graybriar Funds Claims Process Order)**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
McCARTHY TÉTRAULT LLP
4000, 421 – 7th Avenue SW
Calgary, AB T2P 4K9
Attention: Walker W. MacLeod / Pantelis Kyriakakis
Telephone: 403-260-3710 / 3536
Facsimile: 403-260-3501
Email: wmacleod@mccarthy.ca / pkyriakakis@mccarthy.ca



DATE ON WHICH ORDER WAS PRONOUNCED: June 4, 2018
LOCATION OF HEARING: Calgary, Alberta
NAME OF JUDGE WHO MADE THIS ORDER: Justice B.E.C. Romaine

UPON the application of Alvarez & Marsal Canada Inc., in its capacity as the court-appointed receiver (the "**Receiver**") of Arres Capital Inc. (the "**Debtor**"), pursuant to the order issued by the Honourable Madam Justice Strekaf under the *Civil Enforcement Act* (Alberta) (the "**CEA**") on February 13, 2015, as subsequently amended and restated pursuant to the Order issued by the Honourable Madam Justice B.E.C. Romaine on October 23, 2017 (the "**Receivership Order**"), in the proceedings under Court File Number 1401-12431 (the "**Receivership Proceedings**"); **AND UPON** having read the Application, the Second Report of the Receiver, dated May 29, 2018 (the "**Second Receiver's Report**"), and the Affidavit of Service of Katie Doran, sworn on •, all filed (the "**Service Affidavit**"); **AND UPON** hearing counsel for the Receiver and counsel for any other persons present;

IT IS HEREBY ORDERED AND DECLARED THAT:

DEFINED TERMS

1. Capitalized terms used herein or not otherwise defined shall have the meaning ascribed hereto in the Claims Process attached as Appendix "A" hereto (the "**Claims Process**").

APPROVAL OF CLAIMS PROCESS

2. The Claims Process for determining any and all Claims in respect of the Graybriar Funds is hereby approved and the Receiver is authorized and directed to implement the Claims Process.
3. The form of Proof of Claim, Newspaper Notice, and Notice of Revision or Disallowance, all as set forth in the attached Appendix "B", Appendix "C", and Appendix "D", respectively, are approved.

CLAIMS BAR DATE

4. Any Creditor who has a Claim against the Graybriar Funds or against the Debtor in connection with such Graybriar Funds and who has not, as of the Claims Bar Date, submitted a Proof of Claim to the Receiver in respect of a Claim, in accordance with this Claims Process, shall be forever barred, estopped and enjoined from asserting such Claim against the Graybriar Funds and such Claim shall be forever extinguished, unless otherwise ordered by the Court.

NOTICE OF TRANSFEREES

5. If a Creditor or any subsequent holder of a Claim who has been acknowledged by the Debtor as the holder of the Claim transfers or assigns that Claim to another Person, the Receiver shall not be required to give notice to or to otherwise deal with the transferee or assignee of the Claim as the holder of such Claim unless and until actual notice of transfer or assignment, together with satisfactory evidence of such transfer or assignment, has been delivered to the Receiver. Thereafter, such transferee or assignee shall, for all purposes hereof, constitute the holder of such Claim and shall be bound by notices given and steps taken in respect of such Claim in accordance with the provisions of the Claims Process.

6. If a Creditor or any subsequent holder of a Claim who has been acknowledged by the Receiver as the holder of the Claim transfers or assigns the whole of such Claim to more than one Person or part of such Claim to another Person or Persons, such transfers or assignments shall not create separate Claims and such Claims shall continue to constitute and be dealt with as a single Claim notwithstanding such transfers or assignments. The Receiver shall not, in each such case, be required to recognize or acknowledge any such transfers or assignments and shall be entitled to give notices to and to otherwise deal with such Claim only as a whole and then only to and with the Person last holding such Claim provided such Creditor may, by notice in writing delivered to the Receiver, direct that subsequent dealings in respect of such Claim, but only as a whole, shall be dealt with by a specified Person and, in such event, such Person shall be bound by any notices given or steps taken in respect of such Claim with such Creditor in accordance with the provisions of the Claims Process.

NOTICE AND COMMUNICATION

7. Except as otherwise provided herein, the Receiver may deliver any notice or other communication to be given under this Order to Creditors or other interested Persons by forwarding true copies thereof by ordinary mail, courier, personal delivery, facsimile or email to such Creditors or Persons at the address last shown on the books and records of the Debtor, and that any such notice by courier, personal delivery, facsimile or email shall be deemed to be received on the next Business Day following the date of forwarding thereof, or, if sent by ordinary mail on the third Business Day after mailing within Alberta, the fifth Business Day after mailing within Canada, and the tenth Business Day after mailing internationally.
8. Any notice or other communication to be given under this Order by a Creditor to the Receiver shall be in writing in substantially the form, if any, provided for in this Order and will be sufficiently given only if delivered by registered mail, courier, email (in PDF format), personal delivery or facsimile transmission and addressed to:

Alvarez & Marsal Canada Inc., Receiver of Arres Capital Inc.
Attention: ●
Alvarez & Marsal Canada Inc.
Bow Valley Square 4
Suite 1110, 250 6th Avenue SW
Calgary, Alberta, T2P 3H7

E mail: ●

Fax: ●

9. In the event that the day on which any notice or communication required to be delivered pursuant to the Claims Process is not a Business Day then such notice or communication shall be required to be delivered on the next Business Day.

GENERAL

10. The Receiver is authorized to use reasonable discretion as to the adequacy of compliance with respect to the manner in which Proofs of Claim are submitted, completed and executed and may, if satisfied that a Claim has been adequately proven, waive strict compliance with the requirements of the Claims Process and this Order as to the submission, completion and execution of Proofs of Claim.
11. References in this Order to the singular shall include the plural, references to the plural shall include the singular and to any gender shall include the other gender.
12. Notwithstanding the terms of this Order, the Receiver or any interested Person may apply to this Court from time to time for such further order or orders as it considers necessary or desirable to amend, supplement or modify the Claims Process or this Order as the Receiver may seek advice and directions with respect to the administration of the Claims Process or the distribution of the Graybriar Funds or Proven Claims.
13. Service of this Order on the service list by email, facsimile, registered mail, courier, or personal delivery shall constitute good and sufficient service of this Order, and no Persons, other than those on the service list, are entitled to be served with a copy of this Order. Service is deemed to be effected the next business day following the transmission or delivery of such documents.
14. Service of this Order on any party not attending this application is hereby dispensed with.

J.C.C.Q.B.A.

**APPENDIX "A" TO CLAIMS PROCESS ORDER
CLAIMS PROCESS**

DEFINITIONS

1. For purpose of this Claims Process the following terms shall have the following meanings:
 - (a) **"Business Day"** means a day, other than a Saturday or a Sunday, on which banks are generally open for business in Calgary, Alberta;
 - (b) **"Claim"** means any right, interest or claim of any Person that may be asserted or made in whole or in part against, over, in or to any of the Graybriar Funds, in any capacity, whether or not asserted or made, including but not limited to in connection with any indebtedness, liability or obligation of any kind whatsoever of any Person, and any interest accrued thereon or costs payable in respect thereof, whether at law or in equity, including by reason of the commission of a tort (intentional or unintentional), by reason of any breach of contract or other agreement (oral or written), by reason of any breach of duty (including, any legal, statutory, equitable or fiduciary duty) or by reason of any equity interest, assignment, right of ownership, title to, trust or deemed trust (statutory, express, implied, resulting, constructive, equitable or otherwise) of, over, in or to the Graybriar Funds, and together with any enforcement costs or legal costs associated with any such claim, and whether or not any indebtedness, liability or obligation is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present or future, known or unknown, by guarantee, warranty, surety or otherwise, but shall not include Excluded Claims;
 - (c) **"Claims Bar Date"** means 5:00 p.m. (Mountain Time) on July 16, 2018 or such other date as may be ordered by the Court;
 - (d) **"Claims Package"** means the document package which shall include a Proof of Claim and such other materials as the Receiver considers necessary or appropriate;

- (e) **“Claims Process”** means the procedures outlined herein in connection with the assertion of any Claim against the Debtor;
- (f) **“Claims Process Order”** means the Order pronounced by Justice B.E.C. Romaine of the Court of Queen’s Bench of Alberta on June 4, 2018 approving this Claims Process;
- (g) **“Court”** means the Court of Queen’s Bench of Alberta;
- (h) **“Creditor”** means any Person asserting a Claim against the Graybriar Funds;
- (i) **“Debtor”** means Arres Capital Inc.;
- (j) **“Excluded Claim”** means all Claims that are secured by either:
 - (i) the Receiver’s Charge; or
 - (ii) the Receiver’s Borrowing Charge;
- (k) **“Graybriar”** means Graybriar Land Company Ltd. and Graybriar Greens Inc.;
- (l) **“Graybriar Funds”** has the meaning ascribed to it in the Order (Directing Release of the Graybriar Funds and the Court Funds and Confirming the Receivership Charges) issued by the Justice B.E.C. Romaine on June 4, 2018 in, *inter alia*, Court File Numbers 0903-17684 and 0903-17685;
- (m) **“Graybriar Investors”** means the claims of the various persons who invested in the following mortgages: (i) a Mortgage, dated November 5, 2006, as granted by Graybriar to and in favour of the Debtor, as security for the repayment of \$2,800,000; and, (ii) a Mortgage, dated August 15, 2007, as granted by Graybriar to and in favour of the Debtor, as security for the repayment of \$9,700,000;

- (n) **“Graybriar Sale Approval Orders”** has the meaning ascribed to it in the Order (Directing Release of the Graybriar Funds and the Court Funds and Confirming the Receivership Charges) issued by the Justice B.E.C. Romaine on June 4, 2018 in, *inter alia*, Court File Numbers 0903-17684 and 0903-17685;
- (o) **“Lien Claimants”** means any Person who had a builders’ lien vested pursuant to any of the Graybriar Sale Approval Orders;
- (p) **“Newspaper Notice”** means the notice of the Claims Process to be published in the newspapers in accordance with the Claims Process in substantially the form attached to the Claims Process Order as Appendix **“C”**;
- (q) **“Notice of Revision or Disallowance”** means the form sent by the Receiver revising or disallowing a Proof of Claim submitted by any Person, which notice shall be substantially in the form attached to the Claims Process Order as Appendix **“D”**;
- (r) **“Person”** shall be broadly interpreted and includes an individual, firm, partnership, joint venture, venture capital fund, limited liability company, unlimited liability company, association, trust, corporation, unincorporated association or organization, syndicate, committee, the government or a country or any political subdivision thereof, or any agency, board, tribunal, commission, bureau, instrumentality or department of such government or political subdivision, or any other entity, however designated or constituted, and the trustees, executors, administrators, or other legal representatives of any individual;
- (s) **“Proof of Claim”** means the form setting forth a Creditor’s Claim, which proof of claim shall be substantially in the form attached to the Claims Process Order as Appendix **“B”**;
- (t) **“Proven Claim”** means the quantum and classification of the Claim of a Creditor as finally determined in accordance with the Claims Process, provided that a Proven Claim will be “finally determined” in accordance with the Claims Process when: (i) it has been accepted by the Receiver; (ii) the applicable time period for challenging a Notice of Revision or Disallowance issued by the Receiver has expired and the Creditor has not taken the steps required by this Claims Process

to challenge such Notice or Revision as Disallowance; or (iii) any court of competent jurisdiction has made a determination with respect to the classification and quantum of the Claim and no appeal or motion for leave to appeal therefrom shall have been taken or served on either party, or if any appeal(s) or motion(s) for leave to appeal or further appeal shall have been taken therefrom or served on either party, any and all such appeal(s) or motion(s) shall have been dismissed, determined or withdrawn;

- (u) **“Receiver”** means Alvarez & Marsal Canada Inc., in its capacity as the Court appointed receiver and manager of the Debtor, and not in its personal capacity or corporate capacity;
- (v) **“Receiver’s Borrowing Charge”** has the meaning ascribed to it in the Receivership Order;
- (w) **“Receiver’s Charge”** has the meaning ascribed to it in the Receivership Order;
- (x) **“Receivership Order”** means the order issued by the Honourable Madam Justice Strekaf under the *Civil Enforcement Act* (Alberta) on February 13, 2015, as subsequently amended and restated pursuant to the Order issued by the Honourable Madam Justice B.E.C. Romaine on October 23, 2017;
- (y) **“Website”** means the website established by the Receiver and located at <https://www.alvarezandmarsal.com/arrescapital>.

NOTICE OF CLAIMS PROCESS

2. The Receiver shall cause a Claims Package to be sent to all Graybriar Investors and Lien Claimants by regular prepaid mail, courier, facsimile or email on or prior to June 8, 2018, 2018.
3. The Receiver shall cause the Claims Package to be posted on the Website on or prior to June 8, 2018.
4. The Receiver shall cause the Newspaper Notice to be published in a newspaper determined to be advisable to the Receiver, on or prior to June 22, 2018.

5. The Receiver shall cause a copy of a Proof of Claim to be sent to any Person requesting such material as soon as practicable.

PERSONS ASSERTING CLAIMS

6. Any other Person who has a Claim to, in or against the Graybriar Funds and who wishes to assert such Claim to, in or against the Graybriar Funds shall, on or before the Claims Bar Date, send a completed Proof of Claim to the Receiver setting out the classification and quantum of its Claim.
7. Any Person who fails to comply with Paragraph 6 of this Claims Process shall be forever barred, enjoined and estopped from asserting such Claim to, in or against the Graybriar Funds and such Claim shall be forever extinguished, except as otherwise may be ordered by the Court.

RESOLUTION OF CLAIMS

8. The Receiver shall review any Proof of Claim that is submitted to it on or before the Claims Bar Date and, subject to the terms of this Order, may accept, revise or disallow the Proof of Claim.
9. The Receiver may attempt to consensually resolve the classification or quantum of any Proof of Claim submitted by any Person prior to the Receiver accepting, revising or disallowing such Proof of Claim.
10. In the event that the Receiver elects to accept the quantum and classification of the Claim as set forth in the Proof of Claim, the Creditor shall have a Proven Claim in the quantum and with the classification specified in the Proof of Claim submitted by that Person.
11. In the event that the Receiver elects to revise or disallow the Proof of Claim, the Receiver shall send a Notice of Revision or Disallowance setting out the revision or disallowance of the Proof of Claim.
12. Any Person who wishes to dispute the Notice of Revision or Disallowance received from the Receiver shall, within fifteen days of receipt of the Notice of Revision or

Disallowance from the Receiver, file an Application before the Court for the determination of its Claim.

13. Any Person who receives a Notice of Revision or Disallowance from the Receiver and who fails to comply with Paragraph 12 of this Claims Process shall be deemed to have accepted the classification and quantum of its Claim as set forth in the Notice of Revision or Disallowance, shall have a Proven Claim to the Graybriar Funds in the quantum and with the classification specified in the Notice of Revision or Disallowance and shall be forever barred, enjoined and estopped from challenging the classification and quantum of its Claim to the Graybriar Funds as set forth in the Notice of Revision or Disallowance delivered to it by the Receiver, except as otherwise may be ordered by the Court.

CURRENCY OF CLAIMS

14. Any Claim set out in a Proof of Claim shall be denominated in Canadian dollars, failing which such Claim shall be converted to and shall constitute obligations in Canadian dollars and such calculation will be effected using the noon spot rate of the Bank of Canada as of the date of the Claims Process Order.

**APPENDIX "B" TO CLAIMS PROCESS ORDER
PROOF OF CLAIM AGAINST ARRES CAPITAL INC. (THE "DEBTOR") WITH RESPECT TO
THE GRAYBRIAR FUNDS**

(See Reverse for Instructions)

Regarding the claim of _____ (referred to in this form as "the creditor")
(name of creditor)

All notices or correspondence regarding this claim to be forwarded to the creditor at the following address:

Telephone: _____ Fax: _____

I, _____ residing in the _____
(name of person signing claim) (city, town, etc.)

of _____ in the Province of _____
(name of city, town, etc.)

Do hereby certify that:

1. I am the creditor

OR I am _____ of the
creditor.
(if an officer or employee of the company, state position or title)

2. I have knowledge of all the circumstances connected with the claim referred to in this form.

3.A The debtor was, as at the date hereof, and still is indebted to the creditor in the sum of \$_____ as shown by the statement of account attached hereto. If a creditor's claim is to be reduced by deducting any counter claims to which the Debtor is entitled and/or amounts associated with the return of equipment and/or assets by the Debtor, please specify.

The statement of account must specify the vouchers or other evidence in support of the claim including the date and location of the delivery of all services and materials. Any claim for interest must be supported by contractual documentation evidencing the entitlement to interest.

B The indebtedness referred to in paragraph 4.A is in the following currency:

- Canadian Dollars
- United States Dollars

4.A **Trust claim.** \$ _____. In respect to the said debt, the creditor claims that the Debtor holds the Graybriar Funds in trust for its benefit:

Provide full particulars of the nature of the trust claim, including the nature of the equitable interest and any agreements or other records relevant thereto.

B **Secured claim.** \$ _____. In respect of the said debt, the creditor holds assets of the Debtor valued at \$ _____ as security:

Provide full particulars of security, including the statement pursuant to which the security is claimed or the date on which the security was given and the value at which the creditor assesses the security together with the basis of valuation, and attach a copy of the security documents.

C **Other claims.** \$ _____.

Dated at _____, this _____ day of _____, 2018.

Witness

Must be signed and witnessed

Instructions for Completing Proof of Claim Forms

In completing the attached form, your attention is directed to the notes on the form and to the following requirements:

Proof of Claim:

1. The form must be completed by an individual and not by a corporation. If you are acting for a corporation or other person, you must state the capacity in which you are acting, such as, "Credit Manager", "Treasurer", "Authorized Agent", etc., and the full legal name of the party you represent.
2. The person signing the form must have knowledge of the circumstances connected with the claim.
3. A. A Statement of Account containing details of claims, and if applicable, of the amount due in respect of property claims, and must be attached and marked Schedule "A". Any amounts claimed as interest should be clearly noted as being for interest.
B. Tick the appropriate currency.
4. The nature of the claim must be indicated by ticking the type of claim which applies. e.g.
—

Ticking (A) indicates the claim is in trust;

Ticking (B) indicates the claim is secured, such as a builders' lien, a mortgage, lease or other security interest, and the value of which the creditor assesses the security must be inserted, together with the basis of valuation. Details of each item of security held should be attached and submitted with a copy of the chattel mortgage, conditional sales contract, security agreement, etc.;

Ticking (C) indicates the claim is of a difference notice or type.

A creditor may have separate claims in different categories, in which case a separate claim form must be submitted for each claim.

5. The person signing the form must insert the place and date in the space provided, and the signature must be witnessed.

Send a copy of the completed Proof of Claim, by 5:00 pm (MST) on July 16, 2018, to the Receiver at the below addresses:

Alvarez & Marsal Canada Inc.
Attn: ●
Bow Valley Square 4
Suite 1110, 250 6th Avenue SW
Calgary, Alberta, T2P 3H7

Additional information regarding the Debtor's proceedings, as well as copies of claims documents may be obtained at <https://www.alvarezandmarsal.com/arrescapital>. If there are any

questions in completing the Proof of Claim, please contact ● of Alvarez & Marsal Canada Inc. at ●.

**APPENDIX "C" TO CLAIMS PROCESS ORDER
NEWSPAPER NOTICE**

**NOTICE TO CREDITORS OF ARRES CAPITAL INC. WITH CLAIMS IN, TO OR AGAINST
THE GRAYBRIAR FUNDS**

On October 23, 2017, Arres Capital Inc. (the "**Debtor**") applied for and received protection from its creditors under the *Bankruptcy and Insolvency Act* (the "**BIA**") by order of the Court of Queen's Bench of Alberta (the "**Court**") initially granted on February 13, 2015 and subsequently amended on October 23, 2017, wherein Alvarez & Marsal Canada Inc. was appointed as the receiver and manager (the "**Receiver**") of all of the Debtor's property, assets, and undertakings.

On June 4, 2018 the Court granted further orders establishing a process by which the identity and status of all creditors with claims to the Graybriar Funds (the "**Claims Process Order**"). A copy of the Claims Process Order may be viewed at <https://www.alvarezandmarsal.com/arrescapital>, or may be obtained by contacting the Receiver at ●.

Pursuant to the Claims Process Order the Receiver was required, by July 16, 2018, to send a notice to each Graybriar Investor of the Debtor (the "**Notice to Creditor**"), indicating the amount of such creditor's claim and Lien Creditor.

ANY CREDITOR HAVING A CLAIM IN, TO OR AGAINST THE GRAYBRIAR FUNDS MUST FILE A PROOF OF CLAIM WITH THE RECEIVER IN THE PRESCRIBED FORM BEFORE 5:00 PM (MST) ON JULY 16, 2018. CLAIMS NOT PROVEN IN ACCORDANCE WITH THESE PROCEDURES SHALL BE DEEMED TO BE FOREVER BARRED AND EXTINGUISHED AND MAY NOT BE ADVANCED IN, TO OR AGAINST THE GRAYBRIAR FUNDS, EXCEPT AS MAY BE OTHERWISE ORDERED BY THE COURT.

All claims must be made in the prescribed "Proof of Claim" form together with the required supporting documentation and be received by the Receiver on or before the Claims Bar Date, being 5:00 pm (MST) on July 16, 2018.

The prescribed "Proof of Claim" form may be found at <https://www.alvarezandmarsal.com/arrescapital> or can otherwise be obtained by contacting:

Alvarez & Marsal Canada Inc.
Attn: ●
Bow Valley Square 4
Suite 1110, 250 6th Avenue SW
Calgary, Alberta, T2P 3H7

Phone: ●
Fax: 403-538-7551

Alvarez & Marsal Canada Inc., in its capacity
as Receiver of Arres Capital Inc.

**APPENDIX "D" TO CLAIMS PROCESS ORDER
NOTICE OF REVISION OR DISALLOWANCE FOR CLAIMS AGAINST ARRES CAPITAL
INC. (THE "DEBTOR") CONCERNING THE GRAYBRIAR FUNDS**

NOTICE OF REVISION OR DISALLOWANCE

TO: [NAME AND ADDRESS OF CREDITOR]

DATE:

PROOF OF CLAIM NO:

Take notice that Alvarez & Marsal Canada Inc., appointed the receiver and manager (the "**Receiver**") of all of the Debtor's property, assets, and undertakings pursuant to the Order initially granted on February 13, 2015 and subsequently amended on October 23, 2017 (the "**Receivership Order**"), has reviewed the Proof of Claim you submitted against the Debtor, as part of the Debtor's Claims Process pursuant to the order issued by the Court of Queen's Bench of Alberta on June 4, 2018 (the "**Claims Process Order**"). All capitalized terms used herein and not otherwise defined shall have the meaning ascribed to them in the Claims Process Order.

The Receiver has revised your Proof of Claim as follows:

Classification: _____

Quantum: _____

IF YOU WISH TO DISPUTE THE REVISION OR DISALLOWANCE OF YOUR CLAIM AS SET FORTH HEREIN YOU MUST TAKE THE STEPS OUTLINED BELOW.

The Claims Process Order provides that if you disagree with the revision or disallowance of your claim as set out in this Notice of Revision or Disallowance, you must, within fifteen days of receipt of this Notice of Revision or Disallowance from the Receiver, file an application before the Court of Queen's Bench of Alberta for the determination of your Claim. If you fail to file an application before the Court of Queen's Bench of Alberta for the determination of your Claim in the timeframe specified herein you shall be deemed to have accepted the classification and quantum of your Claim as set forth in this Notice of Revision or Disallowance, shall have a Proven Claim in the quantum and with the classification specified in this Notice of Revision or Disallowance and shall be forever barred, enjoined and estopped from challenging the classification and quantum of its Claim as set forth in this Notice of Revision or Disallowance, except as otherwise may be ordered by the Court.

If you have any questions regarding the claims process or the attached materials, please contact ● of Alvarez & Marsal Canada Inc. at ●.

Dated the _____ day of _____, 2018 in Calgary, Alberta.

**Alvarez & Marsal Canada Inc., in its capacity
as Receiver of Arres Capital Inc.**

Per: _____