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COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
PLAINTIFF ACCESS MORTGAGE CORPORATION (2004) LIMITED
DEFENDANT ARRES CAPITAL INC.
DOCUMENT **FIFTH REPORT OF THE RECEIVER**
AUGUST 26, 2020

Clerk's Stamp

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

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INTRODUCTION

1. On July 26, 2017, the Court of Queen’s Bench of Alberta (the “**Court**”) entered an Order (the “**Receivership Order**”) whereby Alvarez & Marsal Canada Inc. (“**A&M**”) was appointed receiver (the “**Receiver**”) of Arres Capital Inc. (“**Arres**”, the “**Company**” or the “**Debtor**”) pursuant to Part 9 of *Civil Enforcement Act* (“**CEA**”), R.S.A. 2000, c. C-15. The effective date of the Receivership Order (date of pronouncement) was February 13, 2015 (the “**Receivership Proceedings**”).
2. On July 26, 2017, the Court also granted an Order (the “**Bankruptcy Order**”) to adjudge Arres into Bankruptcy and A&M was appointed as trustee (the “**Trustee**”) of the estate of the Arres, without security. On August 4, 2017, counsel to Arres filed a civil notice of appeal to the Court of Appeal of Alberta to have the Bankruptcy Order set aside and otherwise dismissed. On October 3, 2017, Access Mortgage Corporation (2004) Limited (“**Access**”) (the Plaintiff) filed application materials with respect to seeking an order directing the Respondent, Arres, to pay into court within 30 days of the date of the order the sum of \$14,750 as security for Access’ costs of Arres’ appeal in the within bankruptcy proceeding. The order was granted by the Court for Arres to pay into court the required funds as security for Access’ costs and these funds were to be paid by December 15, 2017. On December 18, 2017, a report of civil appeal was prepared and filed by the Court of Appeal of Alberta advising that the civil notice of appeal to the Bankruptcy Order was dismissed with costs. As a result, the Bankruptcy Order is in full effect.
3. On October 23, 2017, the Receiver sought advice and direction from this Honourable Court to amend the Receivership Order. The Receiver informed the Court that it did not believe it could properly administer the estate of the Debtor on the current terms of the Receivership Order. As a result, an amended and restated order to the Receivership Order (the “**Amended Receivership Order**”) was granted by Madame Justice B.E.C Romaine that, amongst other things, amended the existing Receivership Order to that of the Alberta Model Order.

4. On June 4, 2018, an order was granted by this Court (the “**Claims Process Order**”) was issued that provided for the adjudication and resolution of all claims (“**Claims**”) made to the net proceeds from the sale of the remaining seven Graybriar units, consisting of the Graybriar Funds (the “**Claims Process**”). The Receiver has administered the Claims Process and admitted claims filed by both the Represented Investors and the Non-Represented Investors (as defined in the Receiver’s Fourth Report).
5. On June 4, 2018, an order granted by Madame Justice B.E.C. Romaine directed for the Clerk of the Court and Bishop & McKenzie LLP to pay out to the Receiver all funds and all interest accrued (collectively, the “**Graybriar Funds**”) held in court from various action numbers. In addition, the court ordered the Clerk of the Court is authorized and directed to payout to the Receiver of approximately \$235,000 and all accumulated interest thereon (the “**Court Funds**”) that was 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. The Court confirmed in the June 8, 2020 order that 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. Specifically, the Receiver’s Charge and the Receiver’s Borrowings 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 BIA, 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.
6. On December 20, 2018, two orders were granted by Justice C.M. Jones dismissing certain related parties to Arres (“**Related Party Claims**”) as noted in the Claims Procedure Order and the dismissal of the Terrapin Mortgage Investment Corp (“**Terrapin**”) claim filed on July 13, 2018 asserting a claim to the Graybriar Funds.

7. On April 19, 2019, by an order granted by Justice C.M. Jones based on an application by Access, Bruce McRitchie and Ann Kurtz (the “**Assignment Applicants**”) approving an assignment of the interests of Arres in an to an action commenced in the Supreme Court of British Columbia as Action No. 106479 (the “**Transaction**”) contemplated by an assignment agreement (the “**Assignment Agreement**”) between A&M (as Receiver and Trustee) of Arres and the Assignment Applicants and vesting in the assignees Arres right, title and interest in an to the assets described in the assignment agreement (the “**Assigned Assets**”).
8. On August 13, 2019, the Court authorized the Receiver to distribute the Graybriar Funds to Sugimoto and Company, for the purposes of paying satisfy certain fees incurred by the Represented Investors, and to pay the balance to the various investors (the “**Graybriar Funds Distribution**”). The court also issued orders approving the professional fees incurred by the Receiver and its legal counsel, and the cost allocation proposed by the Receiver.
9. The purpose of this fifth report of the Receiver (the “**Fifth Report**” or “**this Report**”) is to provide this Honourable Court with information in respect:
 - a) the ongoing activities, generally, of the Receiver since the fourth report of the Receiver dated August 8, 2019 (the “**Fourth Report**”);
 - b) the final statement of receipts and disbursements of the Receiver with respect to the Graybriar Funds (the “**Final Graybriar R&D**”);
 - c) the final statement of receipts and disbursements of the Receiver with respect to the general receivership estate funds (the “**Final General R&D**”) for the period July 26, 2017 to August 21, 2020;
 - d) the Forecast Receipts and Payments (as defined below), including the proposed distribution of remaining funds available in the Receivership to pay the Receiver’s Borrowings or to the Trustee in bankruptcy to cover the costs of the bankruptcy administration and for the benefit of unsecured creditors (the “**Bankruptcy Distribution**”); and

- e) the Receiver's and its counsel's fees and expenditures in the Receivership Proceedings with respect to the general estate matters since June 30, 2019; and
 - f) the proposed discharge of the Receiver (the "**Receiver's Discharge**").
10. Capitalized words or terms not defined or ascribed a meaning in the Fifth Report are as defined or ascribed a meaning in the Receivership Order, Amended Receivership Order, the Claims Process Order, the Agreed Statement of Facts (as defined herein) and/or the filed reports (the "**Prior Reports**") of the Receiver.
11. All references to dollars are in Canadian currency unless otherwise noted.

TERMS OF REFERENCE

12. In preparing this Fifth Report, the Receiver has relied primarily upon stakeholders involved in various Arres' projects, as well as certain financial unaudited financial information contained in Arres' books and records. As discussed in prior reports, the Receiver has encountered various difficulties in its review of financial information due to the incomplete nature of the Arres' books and records. The Receiver has not performed an audit, review or otherwise attempted to verify the accuracy or completeness of Arres' financial information that would wholly or partially comply with Canadian Auditing Standards ("**CASs**") pursuant to the Chartered Professional Accountants Canada Handbook, and accordingly, the Receiver expresses no opinion or other form of assurance contemplated under CASs in respect of the financial information. Future oriented financial information relied upon in this Report is based on the Receiver's assumptions regarding future events and actual results achieved will vary from this information and the variations may be materials.

BACKGROUND

13. Arres is a corporation registered to carry on business in the Province of Alberta and is owned 100% by Mr. Wesley Serra. Arres is also registered to carry on business

in the Province of British Columbia and operates under the name Western Arres Capital Inc. (collectively referred to as “Arres”). Western Arres Capital Inc. is an assumed name of Arres Capital Inc. for the purposes of section 26 of the Business Corporations Act (British Columbia) and is not a separate legal entity.

14. Arres was a full-service mortgage brokerage firm specializing in unconventional financing solutions, which would include but not limited to all types of residential and commercial, first and second mortgages, builders mortgages, debt consolidations and interim financing. As part of its business, Arres arranges mortgage loans with borrowers, raises the mortgage funds through a group of private investors and then administers the mortgages (trustee) on behalf of the investors.
15. Arres acts as a trustee and is a registered mortgage broker for certain projects in British Columbia and also has interests in various other projects in Alberta, but is currently not registered as a mortgage broker in Alberta.
16. Further background to Arres and its operations is contained in the materials filed in support of and relating to the Receivership Order. These documents and other relevant information has been posted by the Receiver on its website at: www.alvarezandmarsal.com/arrescapital (the “Receiver’s Website”).

ACTIVITIES OF THE RECEIVER SINCE THE FOURTH REPORT

17. Since the Fourth Report, the Receiver’s activities have included the following, but are not limited to:
 - a) finalizing the Graybriar claims process pursuant to Claims Process Order, including the Graybriar Funds Distribution;
 - b) attending meetings with representatives of Access at the Receiver’s office and the offices of Cassels Brock & Blackwell LLP, who is counsel to Access Mortgage Corporation, to discuss the resolution of various other Arres investments with representatives of Access;

- c) communicating with Access and Sugimoto respecting the priority of the Court Funds and the Receiver's position on same;
- d) holding multiple conversations with various stakeholders to explain the receivership proceedings and/or assist the Graybriar Investors with understanding the Claims Process as discussed in the Receiver's Second Report;
- e) numerous communication with the Canada Revenue Agency and attempting to set up a GST account with limited success to date, which the COVID-19 pandemic slowed response time significantly; and
- f) attending to general administrative tasks during the receivership period.

UPDATE ON THE ARRES' PROPERTY

18. As at August 21, 2020, Arres maintained a cash balance of approximately \$209,999 as included in the Final General R&D, and a net GST refund not yet collected from CRA of approximately \$11,514, subject to the Receiver's Charge and as discussed further below.
19. As outlined in the receiver's Prior Reports, there is certain remaining Exigible Property. The Receiver has not been able to monetize this remaining Exigible Property and has formed the view that it is in the best interests of Arres, its creditors and other stakeholders for the Receiver to be discharged at this time. The Receiver's decision is based on the following:
 - a) The Receiver has been administering the Exigible Property for over three years and, to date, the remaining Exigible Property has not been monetized in any fashion or subject to a realistic proposal for monetization;
 - b) Certain of the remaining Exigible Property consists of litigation assets. Unlike the Graybriar Funds (which involved a claim to cash proceeds of real estate that was subject to a first ranking mortgage in favour of

the Debtor), the Receiver is not particularly confident that it will (i) be successful in advancing the litigating claims; or (ii) that, in the event that it is successful in advancing the litigation claims, there will be net positive recoveries for the estate of the Debtor;

- c) Certain of the remaining Exigible Property consists of real estate (Jervis) that the Debtor has mortgage security on. The Receiver has made multiple attempts to seek resolution regarding the Jervis property with certain of the investors in the project without success. The Receiver understands that the property is situated in a remote location in coastal British Columbia and has been listed for sale for several years without a transaction developing. Foreclosure or security enforcement has also been discussed with certain of the investors but the Receiver has not received funding to pursue this alternative. The Receiver does not believe there is any material value to the estate given the previously unsuccessful marketing efforts, the complexities involved in enforcement and the risk of there being no realization on the project;
- d) The Receiver projects that there will be a shortfall to the lender on the Receiver's Borrowing Charge in the amount of \$55,416. The lender has not indicated any support for the Receiver to utilize the remaining estate funds.;
- e) Given the investment structure in the remaining Exigible Property (as seen in Graybriar), certain of the Exigible Property may be trust property for certain classes of investors. It is not clear that there would be a net benefit to the Debtor's general body of creditors in pursuing these assets;
- f) The Receiver does not believe that the current amounts held by it will be sufficient to allow it to complete realization steps on any of the remaining Exigible Property and does not have funding in place to allow it to borrow funds to complete this process.

- g) Any interest in the remaining Exigible Property will have vested in the Trustee and, if it is subsequently determined there is value in any of this property, it may be administered through the Trustee (including by way of assignment of claims under section 38 of the BIA).

FINAL GRAYBRIAR R&D

20. The table below provides a summary of actual cash flows with respect to the Graybriar Funds.

Arres Capital Inc. (Graybriar) - In Receivership	
Final Statement of Receipts & Disbursements	
CAD\$, unaudited	Oct.23/17 to August 21/20
Opening cash balance	\$ -
Receipts	
Alberta Government in Trust	1,244,049
Bishop & McKenzie LLP Funds in Trust	133,077
Interest	21,122
	\$ 1,398,248
Disbursements	
Professional Fees (pre June 30, 2019)	280,862
Professional Fees (post June 30, 2019)	71,273
Sugimoto Claim for Professional Fees	221,623
Distribution to Sugimoto Investors	572,864
Distribution to Graybriar Investors (excluding Investors represented by Sugimoto)	230,570
Net GST	17,596
	\$ 1,394,788
Net receipts and disbursements	\$ 3,460

21. Cash receipts collected relate to the Graybriar Funds and interest earned on those funds. Disbursements of approximately \$1.4 million relate to the following:
- a) Professional fees and costs totaling \$280,862 of the Receiver and its legal counsel from May 1, 2018 to June 30, 2019 were paid and amounted to \$135,915 and \$144,947 respectively. Approximately \$14,750 of the “pre-June 30, 2019” invoices remains to be paid to the

Receiver and its counsel that were previously approved by this Honourable Court on August 13, 2019;

- b) Professional fees and costs accumulated post June 30, 2019 of \$33,178 for the Receiver and \$38,095 for the Receiver's counsel. There is approximately \$5,000 remaining to be paid relating to "post June 30, 2019" fees and costs of the Receiver and its counsel, which were approved by the Court on August 13, 2019 as part of the completion of the Graybriar matters. The outstanding pre and post June 30, 2019 invoices are expected to be paid upon the collection of GST ITC credits from CRA that relate specifically to the Graybriar matter (discussed below);
 - c) Sugimoto & Company claim for professional fees and costs of \$221,623 that was approved to be paid by the Court on August 13, 2019;
 - d) The distribution of \$803,434 in respect to the accepted Graybriar claims as set out in the Claims Process Order; and
 - e) The Receiver paid GST in the total of \$17,596, that is expected to be refunded back to the Receiver by CRA, which the Receiver intends to utilize to pay remaining and outstanding professional fees and costs of the Receiver and its counsel as discussed above.
22. Closing cash balance of \$3,460 remain within the Graybriar account that will also be utilized to satisfy outstanding professional fees and costs of the Receiver and its counsel respecting the Graybriar matter.

GRAYBRIAR FUNDS DISTRIBUTION

23. Pursuant to paragraph 12 of the Receivership Order and the Amended and Restated Receivership Order, the monies collected during the Receivership Proceedings

shall be held by the Receiver to be paid or distributed in accordance with the terms of the Receivership Order or any other order of the Court.

24. Pursuant to the Claims Process Order, the Receiver accepted 25 proof of claims in the amount of \$20,841,148. At the date of this Report the Receiver has made a distribution to the Graybriar Investors in the amount of \$803,434. The distribution was allocated as follows:

- a) an amount of \$572,864 to Sugimoto & Company who represented 44 individual investors of Graybriar; and
- b) the remaining \$230,570 distributed pro-rata based on the accepted claims of 24 individual investors who were not represented by Sugimoto & Company.

25. The Receiver confirms that payments to all Graybriar investors have been made and distributed, as outlined in the Final Graybriar R&D.

FINAL GENERAL R&D – JULY 26, 2017 TO AUGUST 21, 2020

Overview

26. The following is a statement of the Receiver's receipts and disbursements during the Receivership Reporting Period (excludes the statement of receipts and disbursements relating to the Graybriar Funds above):

Arres Capital Inc. (General) - In Receivership Final Statement of Receipts & Disbursements CAD\$, unaudited		July 26, 2017 to August 21, 2020
Opening cash balance		\$ -
Receipts		<u>\$ 510,747</u>
Disbursements		
Professional Fees	280,563	
IT Consultant	3,168	
General & Administrative	5,353	
OSB Fee	150	
GST Paid	11,514	
Total		<u>\$ 300,748</u>
<i>Net receipts and disbursements</i>		<u>\$ 209,999</u>

27. There was no opening cash available as at July 26, 2017.
28. The Receiver collected \$510,747 in receipts, primarily relating to:
- a) \$371,956 owing to Arres with respect to a settlement agreement between Arres and another party prior to the Receivership Proceedings totaling \$65,000, certain funds held in court in British Columbia totaling \$65,156 that were released to the Receiver with respect to the Rise Project, and the Court Funds totaling \$241,800 that were ordered by the Court to be transferred to the Receiver;
 - b) \$135,058 of Receiver's Borrowings from Access pursuant to the Amended Receivership Order; and
 - c) \$3,298 relating to interest and miscellaneous receipts.
29. The Receiver disbursed approximately \$300,748 primarily relating to:
- a) \$5,353 in general and administrative costs, which is made up of storage costs to store Arres' books and records, contractor fees to assist the receiver in moving the books and records, and delinquent property

taxes in relation to the Timber Creek Project as previously reported in Prior Reports.

- b) \$280,563 relating to professional fees and costs of the Receiver and its legal counsels' fees from the Receivership Date (July 26, 2017) to August 21, 2020. The Court granted an order approving the allocation of the general professional fees and costs of the Receiver and its counsel totalling \$310,708. The difference of \$30,145 for invoices incurred approved, but unpaid are forecast to be paid in the Forecast General R&D as discussed below.
- c) IT related costs paid to a certified contractor with respect to preserving and backing up Debtor information from its computers and other electronic devices of \$3,168;
- d) \$150 paid to the Office of the Superintendent of Bankruptcy with respect to the statutory filing fee; and
- e) The remaining balance of \$11,514 relating to GST paid on certain disbursements as listed above.

30. Total cash held by the Receiver as at August 21, 2020 is \$209,999.

FORECAST GENERAL RECEIPTS AND DISBURSEMENTS

31. The tables below is a summary of the remaining estimated forecast receipts and disbursements to be collected and paid by the Receiver with respect to administration of the general estate (the "**Forecast General R&D**"):

Arres Capital Inc. (General) - In Receivership	
Forecast Receipts & Disbursements	
August 22, 2020 to Discharge	
	\$CAD
Cash on hand before forecasted R&D	\$ 209,999
Forecast Estimated Receipts	
GST Refund	11,514
Total Estimated Receipts	\$ 11,514
Forecast Estimated Disbursements	
Professional General Fees Unpaid (pre-June 30/19)	\$ 30,145
Estimated Professional Fees	
Receiver (A&M)	40,000
Receiver's Counsel (McCarthy)	10,000
Estimated Trustee Retainer	
Trustee (A&M)	25,000
Contingency	7,500
Total Estimated Disbursements	\$ 112,645
Estimated Available Funds	\$ 108,868

32. The general administration is owed approximately \$11,514 from CRA in ITC credits. CRA has been significantly delayed in opening up GST accounts for the Receiver. Once the Receiver is able to obtain GST accounts for the Arres estate (Arres never had a GST account number in the past), the Receiver intends to file GST filings and collect the ITC's accordingly for the benefit of the estate.
33. Total remaining disbursements of approximately \$112,645 to be made by the Receiver in the Receivership Proceedings primarily consist of:
- a) Payment of professional fees equalling \$30,145 for invoices incurred prior to June 30, 2019, but not yet paid, these were approved by this Honourable Court on August 13, 2019.
 - b) Estimated professional fees of the Receiver and its legal counsel from July 1, 2019 to discharge of approximately \$50,000 of which approximately \$16,500 has been incurred but unpaid;

- c) payment to the Trustee as a retainer for its and its counsels professional fees incurred in the bankruptcy of approximately \$25,000 to pay current and outstanding invoices of approximately \$9,300 and anticipated fees of the Trustee of approximately \$16,000 to seek its discharge. The \$16,000 estimated fee forecast assumes no further additional work or instructions are obtained from the inspectors to address any remaining Exigible Properties not monetized in the estate;
 - d) a contingency for any unknown and unanticipated costs of \$7,500. Should the Receiver not require any or all of the contingency amount, this will be delivered to the a priority payment to Access.
34. Remaining funds of \$108,868 are estimated to be available to be distributed to Access for the repayment of the Receiver's Borrowings. This amount includes \$11,514 that has yet to be collected from CRA in regards to the GST ITC. As a result it is anticipated that Access will have a shortfall on its Receiver Certificate that it borrowed to the Receiver in the principal amount of \$135,058 plus interest estimated at an average rate of 10.38%. Therefore, the estimated shortfall to Access is an estimated \$55,416.

RECEIVER'S COST ALLOCATION

35. Because of the nature of the Debtor's assets, the Receiver has been careful over the course of the administration of the Debtor's estate to ensure that it does not expend estate resources pursuing recovery that will flow to individual trust beneficiaries unless such beneficiaries bore the professional cost (and associated risk) of such recovery. The Receiver has done this by ensuring segregation between the "General Funds" and the "Graybriar Funds". In particular, the Receiver has taken care not to utilize material amounts of either the "General Funds" or the "Graybriar Funds" to pursue recovery on other projects that the Debtor is involved in.
36. As was previously explained by the Receiver in the Fourth Report dated August 8, 2019, the "Court Funds" in the amount of \$241,800, that were released to the

Receiver pursuant to the June 4, 2018 Order have been accounted for and administered as part of the “General Funds”. For ease of reference, the Receiver has attached:

- a) the portion of the Fourth Report pertaining to the Interim Receipts and Disbursements (consisting of paragraphs 32-36 of the Fourth Report) as Appendix “A”; and
- b) the portion of the Fourth Report pertaining to cost allocation (consisting of paragraphs 47-50 of the Fourth Report) as Appendix “B”.

37. Professional fees are the significant expense associated with the administration of the estate of the Debtor and the Receiver has segregated professional fees between the “General Funds” and the “Graybriar Funds”. Professional fees of the Receiver and its legal counsel associated with the administration of the “General Funds” for the period from its appointment up until June 30, 2019, were previously approved by this Honourable Court. Professional fees of the Receiver and its legal counsel associated with the administration of the “Graybriar Funds” for the period from its appointment up until the completion of the administration of the “Graybriar Funds” were also previously approved by this Honourable Court. Finally, the Receiver’s allocation of these previously approved professional fees between “General Funds” and the “Graybriar Funds” for the period from its appointment up until June 30, 2019, which involved a total allocation of \$606,320, was also previously approved by this Court on August 13, 2019. A copy of the Order granting this allocation approval is attached as Appendix “C”.

38. The Receiver’s position on the Court Funds, as previously stated in the Fourth Report, is repeated below for ease of reference:

- a) the assets are not trust property and are available for distribution to general creditors of the Debtor;
- b) the assets are being administered in the general receivership estate and any surplus amounts will be distributed by way of dividend in the

Debtor's bankruptcy;

- c) the assets are subject to claims on the Receiver's Charge and the Receiver's Borrowing Charge; and
- d) any persons who wish to assert a trust or other priority claim to the assets may do so prior to payment of the dividend.

39. Certain creditors of the Debtor have indicated that they assert a trust or other priority claim to the Court Funds and the Receiver has confirmed its responding view on such a claim, as outlined above and as previously discussed in the Fourth Report. Irrespective of this dispute, the priority of the Receiver's Charge and the Receiver's Borrowing Charge to the Court Funds was confirmed by this Court when the Court Funds were released to the Receiver on June 4, 2018. A copy of the Order confirming such priority is attached as Appendix "D".
40. As indicated in the section of this Fifth Report entitled "Final General R&D – July 26, 2017 to August 21, 2020", the majority of disbursements from the General Funds (\$280,563 of total disbursements of \$300,748, or 93% of total disbursements) have been for payment of previously approved professional fees associated with the General Funds. As explained above, the Receiver's allocation of these professional fee payments to the General Funds was also previously approved by order of this Court made on August 13, 2019. The previously approved professional fee allocation to the General Funds totals \$310,708 (i.e., not all professional fees that have been approved have been paid) pursuant to paragraph 8(a) of the Order issued on August 13, 2019.
41. The Receiver maintains its view that there are no valid trust claims to the Court Funds. Regardless, and because (i) the Receiver's Borrowing Charge ranks in priority to any trust claims (whether such trust claims are valid or invalid) by Order of this Court made on June 4, 2018; (ii) the professional fees and associated allocation for the period since appointment to June 30, 2019 has already been approved by order of this Court made on August 13, 2019; and (iii) there will be

a shortfall on the Receiver's Borrowing Charge, the Receiver does not view it as necessary to determine any claims (whether trust or otherwise) to the Court Funds.

RECEIVER'S AND RECEIVER'S COUNSEL'S FEES AND DISBURSEMENTS

42. The Receiver seeks approval from this Court of its fees and disbursements from July 1, 2019 to July 31, 2020, and those of the Receiver's Counsel from the July 1, 2019 to July 31, 2020 (the "**Final Taxation Period Billings**"), pursuant to the Amended & Restate Receivership Order. On August 13, 2019, an order was granted by the Court approving the Receiver's and the Receiver's Counsel's fees and disbursements from the Receivership Date to June 30, 2019.
43. A&M's Final Taxation Period Billings in its capacity as Receiver total \$13,667 (excluding GST). A summary of the Receiver's fees and disbursements are attached as Appendix "E" to this Report.
44. The Receiver's Counsel's Final Taxation Period Billings total \$1,875 (excluding GST). A summary of the Receiver's Counsel's fees and disbursements are attached as Appendix "F" to this Report.
45. The Receiver's and the Receiver's Counsel's fee accounts outline the date of the work completed, the description of the work completed, the length of time taken to complete the work and the name of the individual who completed the work. Copies of the Receiver's Counsel's invoices will be made available upon request.
46. The Receiver and the Receiver's Counsel's estimated fees and costs to complete this engagement in the period August 1, 2020 to estimated conclusion are approximately \$50,000 ("**Forecast Fees and Costs**"), which include fees and costs incurred but not paid.
47. The Receiver is of the view that its fees and the Receiver's Counsel's fees are fair and reasonable in the circumstances and respectfully requests that this Court approve the Final Taxation Period Billings of the Receiver and the Receiver's Counsel and the Forecast Fees and Costs. The Receiver notes that the incurred fees

are spaced over a significant period of time (13 months) and, if averaged, would amount to less than \$1,200 per month for the combined professional fees of both the Receiver and its legal counsel. The fees related to discharge have been estimated by both the Receiver and its legal counsel and are reasonable in the current circumstances.

APPROVING CONDUCT AND DISCHARGE OF THE RECEIVER

48. The Receiver respectfully requests that this Honourable Court grant an Order (the “**Discharge Order**”) which, among other things, and subject to the filing of a certificate (the “**Discharge Certificate**”) confirms the Receiver has satisfied its obligations under the Receivership Order. The Discharge Order sought by the Receiver, including the language pertaining to the release, is in the form approved by the Alberta Template Order’s Committee.
49. The Receiver is respectfully of the view that it has conducted itself appropriately in these Receivership Proceedings and respectfully requests that this Court approve the actions and conduct of the Receiver since the Fourth Report and throughout the Receivership Proceedings.
50. The Receiver’s administration of the estate is substantially complete, subject to the forecast receipts to be collected and payments to be made respecting the Debtors as described herein. In addition, the Receiver will have some miscellaneous administrative items to attend to post discharge, including the filing of GST returns with the CRA, receiving the forecast receipts and paying the forecast disbursements, final reconciliation of accounts and addressing various other CRA matters. The Receiver is of the view these items are administrative in nature and should not prevent this Court from granting an unconditional discharge.
51. The Receiver’s next steps include, but are not limited to:
 - a) Collecting the remaining receipts and disbursing funds as described in the Forecast General R&D and forecast professional fees respecting Graybriar matters noted herein;

- b) filing, packaging and storing all relevant books and records of Arres. in accordance with the Receiver's responsibilities under the BIA;
 - c) arranging for the collection of the GST ITC's owing by CRA to the Debtors; and
 - d) completing administrative tasks in accordance with Receivership discharge requirements under the BIA.
52. Upon completion, the Receiver will file a certificate with the Court confirming that all outstanding matters reported in this Report have been completed. Upon filing the certificate, the Receiver will be automatically discharged without further order of the Court..

RECEIVER'S CONCLUSIONS AND RECOMMENDATIONS

53. The Receiver is of the view that it has made commercially reasonable efforts to obtain the highest and most efficient realizations of the assets of Arres. The Receiver is satisfied that the interests of the financial stakeholders of Arres have been considered during the course of the realization processes and these Receivership Proceedings.
54. Accordingly, the Receiver respectfully recommends this Honourable Court:
- a) approve the action, conduct and activities of the Receiver and the Receiver's Counsel as described in this Report and throughout these Receivership Proceedings;
 - b) approve the Receiver's Final Graybriar R&D;
 - c) approve the Receiver's Final General R&D from the Receivership Date, May 18, 2018, to August 21, 2020;
 - d) approve the Receiver's Forecast General R&D;

- e) approve the fees and costs of the Receiver and the Receiver's Counsel as set out in the Final Taxation Period Billings and the Forecast Fees and Costs; and
- f) approve the discharge of the Receiver.

All of which is respectfully submitted this 26th day of August 2020.

**ALVAREZ & MARSAL CANADA INC.,
in its capacity as Receiver of Arres Capital Inc. and not in
its personal or corporate capacity**



Orest Konowalchuk, CPA, CA, CIRP, LIT
Senior Vice-President



Bryan Krol
Senior Manager

Appendix “A”

INTERIM RECEIPTS AND DISBURSEMENTS – JULY 26, 2017 TO AUGUST 2, 2019

Overview

32. The following is a statement of the Receiver’s receipts and disbursements during the Receivership Reporting Period (excludes the statement of receipts and disbursements relating to the Graybriar Funds above):

Arres Capital Inc. (General) - In Receivership	
Interim Statement of Receipts & Disbursements	
CAD\$, unaudited	
	July 26/17 to Aug. 2/19
Opening cash balance	\$ -
Receipts	
	\$ 505,352
Disbursements	
Professional Fees	(238,459)
General & Administrative	(5,353)
OSB Fee	(150)
GST Paid	(9,381)
Total	\$ (253,343)
<i>Net receipts and disbursements</i>	\$ 252,009

33. There was no opening cash available as at July 26, 2017.
34. The Receiver collected \$505,352 in receipts, primarily relating to:
- a) \$371,956 owing to Arres with respect to a settlement agreement between Arres and another party prior to the Receivership Proceedings totaling \$65,000, certain funds held in court in British Columbia totaling \$65,156 that were released to the Receiver with respect to the Rise Project, and a total of \$241,800 which relates to ‘Court Funds’

released to the Receiver pursuant to an order of the Court dated June 4, 2018;

- b) \$132,444 of advances made by Access pursuant to the Amended Receivership Order to pay certain costs incurred by the Receiver pursuant to the Receiver's Charge (including partial payment of the Receiver's and its legal counsels fees and costs); and
- c) \$953 relating to interest and miscellaneous receipts.

35. The Receiver disbursed approximately \$253,343, primarily relating to:

- a) \$5,353 in general and administrative costs, which is made up of storage costs to store Arres' books and records, contractor fees to assist the receiver in moving the books and records, and delinquent property taxes in relation to the Timber Creek Project.
- b) \$238,459 relating to professional fees and costs of the Receiver and its legal counsels' fees from the Receivership Date (July 26, 2017) to August 2, 2019, as detailed further below;
- c) \$150 paid to the Office of the Superintendent of Bankruptcy; and
- d) The remaining balance of \$9,381 relating to GST paid on certain disbursements as listed above.

36. General cash on hand held by the Receiver as at August 2, 2019 is \$252,009 (excluding the Graybriar Funds).

APPROVAL OF THE RECEIVER'S AND ITS COUNSEL'S FEES AND COSTS

Approval of Graybriar Professional Fees and Costs

37. The total fees and disbursements of A&M, in its capacity as the Court-appointed Receiver of the Company, with respect to the Graybriar Funds in the period May 1, 2018 to June 30, 2019 are approximately \$135,914 (excluding GST).

Appendix “B”

45. The Receiver is respectfully of the view that its and its counsel's Graybriar Professional Fees and Costs and the General Receivership Professional Fees and Costs during the Interim Taxation Period are fair and reasonable for the following reasons:

- a) there have been a significant number of disputes involving stakeholders and the Receiver in this matter. The Receiver has previously brought three different applications in this matter and each of those applications was opposed and involved written briefs, cross-examination on affidavit evidence (when submitted) and half day or full day oral argument;
- b) the Receiver was successful in the entirety on the previously contested applications;
- c) absent these applications and the corresponding successful outcome, there would be no assets available for any creditors (be it the Graybriar Investors or other creditors); and
- d) the previous controlling mind of the Debtor opposed certain of the relief by the Receiver and has been non co-operative with the Receiver throughout the majority of Receivership proceedings.

46. The Receiver respectfully request the Court's approval of these accounts.

COST ALLOCATION

47. After concluding an investigation into the assets of the Debtor, the Receiver formed the view that the Graybriar Funds are held in trust by the Debtor for the benefit of the Graybriar Investors. As a consequence, and other than to satisfy claims on the Receiver's Charge and the Receiver's Borrowing Charge pursuant to the Order of Madam Justice B.E.C. Romaine made on June 4, 2018, the Graybriar Funds are not available for distribution to general creditors of the Debtor. The Graybriar Funds

- are being administered and distributed through the Claims Process (including on the within application).
48. In addition to the Graybriar Funds, there are additional assets in the estate (comprised of the Court Funds and miscellaneous cash on hand at the time of appointment). The Receiver is of the view that these assets are not trust property for the benefit of any Persons and therefore are available for distribution to general creditors of the Debtor. The Receiver understands that certain creditors of the Debtor may dispute this view. Regardless of this dispute, these assets are also subject to the claims on the Receiver's Charge and the Receiver's Borrowing Charge pursuant to the Amended and Restated Receivership Order and the Order of Madam Justice B.E.C. Romaine made on June 4, 2018. These assets are being administered through the general receivership estate and the Receiver anticipates that any surplus amounts will be distributed by way of dividend in the Debtor's bankruptcy. These amounts are currently included as part of the general receivership statement of receipts and disbursements above. Persons who wish to assert a trust or other type of priority claim to these assets are able to do so in the receivership proceedings and prior to the dividend payment.
49. Because the Receiver is administering separate classes of assets that will be distributed for the benefit of separate classes of creditors, the Receiver has been careful to segregate professional fee charges and disbursements between the separate asset classes. Since May 2018, the Receiver and its legal counsel have separately recorded and charged their fees and disbursements to "Graybriar" (when performing work related to the Graybriar Funds) and to "General" (when performing work related to the general assets) so as to ensure that allocation of cost is fair and accurate.
50. The Debtor company also administered other syndicated mortgage investments. The Receiver understands these are also trust relationships pursuant to which the mortgage security (and any proceeds derived therefrom) is held by Arres in trust for the benefit of specific individual investors in that mortgage. In

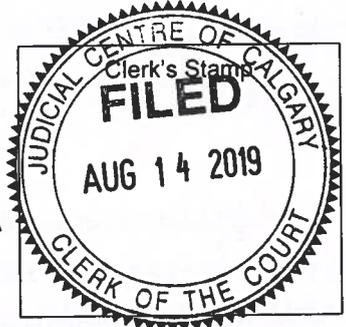
the event that there are recoveries on these assets they will be trust assets for the benefit of those specific individual investors and not available to either: (a) the Graybriar Investors; or (b) general creditors. Because of this, the Receiver has been careful not to expend either: (a) the Graybriar Funds; or (b) general estate funds pursuing recovery on these assets. The Receiver has had discussions with certain of the individual investors in these syndicates and is prepared to pursue recovery on these additional assets if either: (a) the subject assets are determined to have value; or (b) appropriate funding arrangements are made that ensure that the cost of recovery is not borne by Persons who will not benefit from such recoveries. These discussions are continuing but, to date, the Receiver has not identified assets with realizable value or received a funding commitment that would allow it to pursue recovery of such assets.

RECEIVER'S CONCLUSIONS AND RECOMMENDATIONS

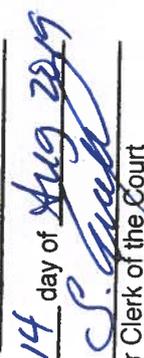
51. The Receiver recommends that this Honorable Court:
- a) approve the actions and activities of the Receiver and its legal counsel as reported in the Third and Fourth Report of the Receiver;
 - b) approve the Proposed Graybriar Investors Distribution;
 - c) approve the Receiver's and its counsels Graybriar Professional Fees and Costs and Forecast Graybriar Professional Fees and Costs; and
 - d) approve the Receiver's and its counsels General Professional Fees and Costs for the Interim Taxation Period;

Appendix “C”

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 (Fee and Conduct Approval)**



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

I hereby certify this to be a true copy of the original Order
 Dated this 14 day of Aug 2019

 for Clerk of the Court

DATE ON WHICH ORDER WAS PRONOUNCED: **August 13, 2019**
 LOCATION OF HEARING: **Calgary, Alberta**
 NAME OF JUDGE WHO MADE THIS ORDER: **Justice Eidsvik**

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 Strekof 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 Fourth Report of the Receiver, dated August 8, 2018 (the "Fourth Receiver's Report"), and the Affidavit of Service of Katie Doran, sworn on August 12, 2019, 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 Fourth 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 Fourth Receiver's Report.

APPROVAL OF RECEIVER'S ACTIONS

2. The actions and conduct of the Receiver, as reported in the Fourth Receiver's Report are hereby approved and ratified as of and up to the date of the Fourth Receiver's Report.

FEE APPROVAL (GENERAL)

1. The Receiver's interim accounts for fees and disbursements in respect of the Debtor (General) in the period May 1, 2018 to June 30, 2019 (in the amount of \$18,445) are hereby approved without the necessity of a formal passing of accounts.

2. The interim accounts of the Receiver's legal counsel, McCarthy Tétrault LLP, for its fees and disbursements in respect of the Debtor (General) in the period May 1, 2018 to June 30, 2019 (in the amount of \$24,231) are hereby approved without the necessity of a formal assessment of its accounts.

FEE APPROVAL (GRAYBRIAR - INCURRED)

3. The Receiver's interim accounts for fees and disbursements in respect of the Debtor (Graybriar - Incurred) in the period May 1, 2018 to June 30, 2019 (in the amount of \$135,915) are hereby approved without the necessity of a formal passing of accounts.

4. The interim accounts of the Receiver's legal counsel, McCarthy Tétrault LLP, for its fees and disbursements in respect of the Debtor (Graybriar - Incurred) in the period May 1, 2018 to June 30, 2019 (in the amount of \$159,697) are hereby approved without the necessity of a formal assessment of its accounts.

FEE APPROVAL (GRAYBRIAR - COMPLETION)

5. The Receiver's estimated accounts for fees and disbursements in respect of the Debtor (Graybriar – Completion) in the period July 1, 2019 to completion (in the estimated amount of \$40,000) are hereby approved without the necessity of a formal passing of accounts.

6. The estimated accounts of the Receiver's legal counsel, McCarthy Tétrault LLP, for its fees and disbursements in respect of the Debtor (Graybriar – Completion) in the period July 1, 2019 to completion (in the estimated amount of \$40,000) are hereby approved without the necessity of a formal assessment of its accounts.

7. The Receiver be and is hereby granted leave to apply to amend or vary paragraphs 7 and 8 of this Order in the event that the estimated fees for completion exceed the amounts provided for herein.

COST ALLOCATION APPROVAL

8. The allocation of accounts issued by the Receiver and its legal counsel, McCarthy Tétrault LLP, for their fees and disbursements in respect of the Debtor in the period July 26, 2017, to June 30, 2019 (in the total amount of \$606,320) are hereby approved as follows:

- (a) General matters: \$310,708;
- (b) Graybriar Funds matters: \$295,612.

MISCELLANEOUS MATTERS

9. Service of this Order on the Persons in attendance at the application for this Order shall be by any of email, facsimile, courier, registered mail, regular mail, or personal delivery, and no other persons are entitled to be served with a copy of this Order.

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



Appendix “D”

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.

I hereby certify this to be a true copy of
the original Order
Dated this 05 day of June 2018
for Clerk of the Court

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 – 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

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 Streckaf 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 June 1, 2018, 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 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.

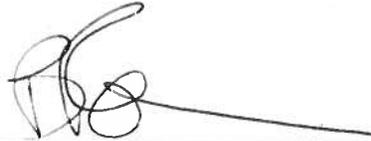
APPROVAL OF CONDUCT, FEES AND DISBURSEMENTS

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 paragraphs 65 and 66 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.

Appendix “E”

Arres Capital Inc. - In Receivership

Summary of Receiver's Fees and Disbursements

July 1, 2019 to July 31, 2020

Invoices subject to taxation by this Court

Inv. No.	Period	Fees	Disbursements	Total Fees & Disbursements	GST	Total
<u>General Receivership Invoices</u>						
812583B- Invoice #7	July 1, 2019 to September 30, 2019	\$ 9,135.00	\$ 104.00	\$ 9,239.00	\$ 461.95	\$ 9,700.95
812583B- Invoice #8	October 1, 2019 to June 30, 2020	3,635.00	793.20	4,428.20	221.41	4,649.61
		\$ 12,770.00	\$ 897.20	\$ 13,667.20	\$ 683.36	\$ 14,350.56
TOTAL		\$ 12,770.00	\$ 897.20	\$ 13,667.20	\$ 683.36	\$ 14,350.56

Appendix “F”

Arres Capital Inc. - In Receivership

Summary of Receiver's Counsel (McCarthy) Fees and Disbursements
July 1, 2019 to July 31, 2020

Invoices subject to taxation by this Court

Inv. No.	Period	Fees	Disbursements	Total Fees & Disbursements	GST	Total
General Receivership Invoices						
18	September 30, 2019	\$ 1,773.50	\$ 102.00	\$ 1,875.50	\$ 91.28	1,966.78
		\$ 1,773.50	\$ 102.00	\$ 1,875.50	\$ 91.28	\$ 1,966.78
TOTAL		\$ 1,773.50	\$ 102.00	\$ 1,875.50	\$ 91.28	\$ 1,966.78