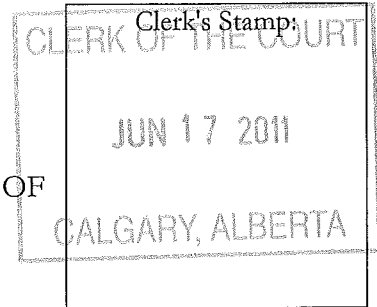


COURT FILE NUMBER 0901-17015  
COURT COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL CENTRE CALGARY  
PLAINTIFF MCAP FINANCIAL CORPORATION  
DEFENDANT ASSURED DEVELOPMENTS (PAINTBRUSH) LTD.  
AND ASSURED DEVELOPMENTS LTD.  
DOCUMENT **RECEIVER'S THIRD REPORT**



ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF  
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Assured Developments (Paintbrush) Ltd.  
Third Report of the Receiver  
Alger & Associates Inc.  
June 16, 2011

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Assured Developments (Paintbrush) Ltd.  
Third Report of the Receiver  
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June 16, 2011

**EXHIBITS**

1. Statement of Receipts and Disbursements for the period from November 13, 2009 to June 15, 2011.
2. Projected Budget for the period ending November 30, 2011

## INTRODUCTION

3. On November 13, 2009, MCAP Financial Corporation (“MCAP”) successfully made an application to the Court of Queen’s Bench of Alberta (the “Court”) for the appointment of Alger & Associates Inc. (“Alger” or “Interim Receiver”) as Interim Receiver for specific properties (“Properties”) held by Assured Developments (Paintbrush) Ltd. (“Paintbrush” or the “Company”).
4. On December 9, 2009 and February 8, 2010, the Interim Receiver filed its First and Second Reports, respectively, with this Honourable Court.
5. On February 12, 2010, MCAP successfully made an application to the Court for the appointment of Alger as Receiver of Paintbrush.
6. On April 12, 2010 and September 17, 2010 the Receiver filed its First and Second Reports with this Honourable Court.
7. The purpose of the Receiver’s Third Report is to provide this Honourable Court with the following information:
  - a. Actions taken by the Receiver since the Receiver’s Second Report;
  - b. The Receiver’s Statement of the Receipts and Disbursements to June 15, 2011;
  - c. A Projected Cash Requirements Budget supporting an increase in the Receiver’s borrowing power; and
  - d. The Receiver’s intended course of action.
8. The Receiver is seeking a Court Order to increase the Receiver’s borrowing power by \$280,000.
9. Capitalized terms not defined in this Report are defined in the Interim Receiver’s and Receiver’s previous reports.

## **LIMITATIONS OF REPORT**

10. The information contained in this report has been obtained from the records of Paintbrush and is based upon discussions with, and representations made by management, other employees, and consultants. The information has not been audited nor otherwise verified by the Receiver as to its accuracy or completeness, nor has it necessarily been prepared in accordance with generally accepted accounting principles. The reader is cautioned that this report may not disclose all significant matters about Paintbrush. Accordingly, we do not express an opinion or any other form of assurance on the information presented herein. The Receiver may refine or alter its observations as further information is obtained or is brought to its attention after the date of this report.
11. The Receiver assumes no responsibility or liability for any loss or damage occasioned by any party because of the circulation, publication, reproduction, or use of this report. Any use, which any party makes of this report, or any reliance on or decisions to be made based on it, is the responsibility of such party.

## **ACTIONS TAKEN BY THE RECEIVER**

12. Since the Receiver's Second report dated September 16, 2010, the following actions have been undertaken by the Receiver as discussed below.

### **Operations**

13. Security was maintained over the Properties during the period with one minor vandalism breach noted. Clean-up measures were subsequently undertaken by security personnel.
14. The Receiver continued to liaise with local residents regarding snow removal and landscaping issues and the status of the sale process.
15. The Receiver's construction consultant continued to make their regular visits to the site and reported to the Receiver thereafter. As a result of their recommendations, a winterization project was completed in the fall of 2010 in order to better protect the fully framed units 109-120.

**Administration**

16. The 2011 property tax assessments and property tax bill were received. Partially as a result of 2010 appraisal information provided to the Town of Canmore by the Receiver, the property tax assessment decreased from \$20,689,850 in 2010 to \$7,948,200 in 2011 and the property tax bill decreased from \$145,636 in 2010 to \$50,197 in 2011. The Receiver intends to pay the property tax bill by the June 30, 2011 deadline from the Receiver Certificate to be issued following the Court application to increase the borrowing powers, which is the subject matter of this report.
17. Ongoing suppliers of goods and services to the Paintbrush project were paid in accordance to the terms of their invoices.
18. Various creditors of Paintbrush, including MCAP, Rose Corp. and lien-holders against the Properties, as well as Town of Canmore officials and owners of some of the seven completed and sold units, were provided with information as requested.
19. Relevant documents were posted on the Receiver's [www.alger.ca](http://www.alger.ca) website for viewing by interested parties.

**Sales Process**

20. The Receiver continued to liaise with the parties expressing an interest in the purchase or development of the properties arising from the sales process conducted by the Receiver in the spring of 2010 and permitted various site visits by these parties for this purpose. In spite of ongoing due diligence efforts by these parties, no firm offers have been received nor have any timetables been provided by any of these parties.

**STATEMENT OF RECEIPTS AND DISBURSEMENTS**

21. A Statement of Receipts and Disbursements for the period from November 13, 2009, to June 15, 2011 is attached as Exhibit 1 to this report.

Assured Developments (Paintbrush) Ltd.  
Third Report of the Receiver  
Alger & Associates Inc.  
June 16, 2011

22. All cash receipts relate to Receiver Certificates totaling \$1,400,000 issued to MCAP. All disbursements relate to costs incurred in the Receiver's activities summarized above and in the Interim Receiver and Receiver's previous reports.

#### **BUDGET FOR THE PERIOD ENDING NOVEMBER 30, 2011**

23. The existing borrowing powers of the Receiver are limited to \$1,400,000. As detailed in Exhibit 1 attached to this report, only \$45,949 in cash remains to pay for ongoing operating expenses, including the property tax bill of \$50,197 due June 30, 2011.

24. The Receiver is applying for an increase of \$280,000 in its borrowing capacity to fund the next five months of operation as budgeted in Exhibit 2. The funds will be used for operating expenses, property taxes and professional fees as detailed in Exhibit 2.

#### **INTENDED COURSE OF ACTION**

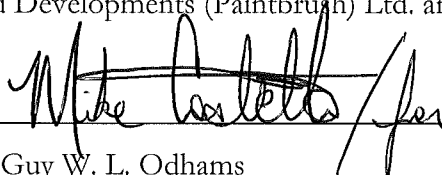
25. The Receiver's future course of action will include the following activities:

- a. Continue to await the results of the due diligence efforts being conducted by the parties responding to the sales process conducted by the Receiver in 2010.
- b. Continue to listen to and seek the input of stakeholders if these efforts do not result in a firm offer that could be put forward to this Honourable Court for its approval.
- c. Apply for borrowing power increase outlined above.

**DATED** at Calgary, Alberta this 16<sup>th</sup> day of June, 2011.

#### **In its capacity as Receiver of**

Assured Developments (Paintbrush) Ltd. and not in its personal capacity

  
\_\_\_\_\_  
Per: Guy W. L. Odhams

**Assured Developments (Paintbrush) Ltd.**  
**Statement of Receipts and Disbursements**  
**For the period November 13, 2009 to June 15, 2011**

**Receipts**

Receiver Certificates	\$	1,400,000
Interest income		471
		1,400,471

**Disbursements**

Security	\$	299,236
Landscaping and stabilization		296,755
Receiver Fees		250,579
Property Taxes		145,492
Legal Counsel Fees		60,602
Consultant Costs		60,170
Equipment Rentals		40,702
Insurance		38,715
Preservation and Clean-up Costs		34,329
Utilities		31,893
Appraisal		17,223
Advertising		12,768
Office & General		7,709
Computer Services		4,162
GST paid on disbursements		54,188
		1,354,522

**Cash in trust account**

	\$	45,949
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Assured Developments (Paintbrush) Ltd.  
Projected Cash Requirements Budget to November 30, 2011

EXHIBIT 2

	<u>Area</u>	<u>Amount</u>
1	Security, utilities and related	161,295
2	Receiver and counsel	60,000
3	Property taxes	50,197
4	Insurance	18,500
5	Industry consultant	18,000
6	Snow Removal/Lawn Cutting	6,000
7	Miscellaneous (web-site/general)	3,000
		<hr/> 316,992
	Less: Cash on hand @ June 15, 2011	<hr/> (45,949)
	<b>Borrowing power increase required (unrounded)</b>	<b>271,043</b>

<b>Rounded up to:</b>	<b>280,000</b>
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