Clerk's Stamp

COURT FILE NUMBER	2303-11446
COURT	COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE	EDMONTON
PLAINTIFF	UMC FINANCIAL MANAGEMENT INC.
DEFENDANTS	CAREADON CORP., 1978753 ALBERTA LTD., and TERRENCE HODGSON in his capacity as trustee of ALDER INVESTMENT GROUP TRUST 2016
DOCUMENT	**RECEIVER'S THIRD REPORT** **April 15, 2023**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**RECEIVER**

RECEIVER

ERNST & YOUNG INC.
10423 – 101 Street, Suite 1400
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Edmonton, Alberta T5H 0E7
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COUNSEL

MCLENNAN ROSS LLP
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SCHEDULES

INTRODUCTION, BACKGROUND AND PURPOSE OF THE REPORT

1. On July 7, 2023, pursuant to an application made by UMC Financial Management Inc. ("**UMC**"), the Court granted an Order (the "**Receivership Order**") dated and filed on July 7, 2023, appointing Ernst & Young Inc. ("**EY**" or the "**Receiver**") as receiver of Careadon Corp. ("**Careadon**" or the "**Company"**). For the remainder of this report, and future reports, any reference to "**Management**" will be used to refer to Mr. Terrence Hodgson, the director of Careadon.

2. Careadon's sole physical asset was an eight-story independent living facility for adults aged 55 or over. The facility, known as Careadon Village, is located at 2 Inglewood Drive, St. Albert, Alberta (hereinafter referred to as the "**Building**"). At the date of receivership and up until the time of sale (discussed in further detail later in this report) the Building was still under construction, with a total of 164 units, of which approximately 55 were essentially completed with the remaining 109 units to be completed (most of which are on the upper floors of the Building).

3. Notwithstanding the incomplete status of the Building, as at the date of the receivership seven of the completed units were occupied as a result of rental agreements or life leases entered into between the occupants and Careadon. At the time of the sale, just five (5) units were occupied.

4. On August 31, 2023, the Receiver sought, and was granted, a Sales Process Order. Upon receipt of the Sales Process Order, the Receiver ran a six-week process, soliciting offers to purchase from various financial and strategic parties (the "**Sales Process**").

5. Upon reviewing the offers received, the secured creditors requested a few days to determine whether they were supportive of the Receiver accepting any of the offers presented. UMC was of the view that the offers received were materially low and they were not willing to support the acceptance of any of the offers received as the acceptance of any of the offers received would result in a significant shortfall against their indebtedness.

6. On October 30, 2023, the Receiver received an unsolicited offer from UMC's nominee, 2563080 Alberta Ltd., to purchase the Building together with all fixtures, improvements, equipment and personal property thereon (the "**Superior Offer**"). The Receiver consulted with the secured lenders, and it was determined that the Superior Offer be accepted given that it was materially higher than any of the offers presented as a result of the Sales Process.

7. The Receiver accepted the Superior Offer and proceeded to notify all other offerors that

the Sales Process was terminated and returned all deposits that were received. A formalized purchase and sale agreement was entered on November 23, 2023, between the Receiver and 2563080 Alberta Ltd.

8. On November 30, 2023, Careadon was adjudged bankrupt by virtue of a Bankruptcy Order granted by the Honourable Justice M.E. Burns. EY is also acting as the trustee ("**Bankruptcy Trustee**") of the bankrupt estate.

9. On December 8, 2023, the Honourable Justice J.T. Neilson granted an Order approving the sale of the Building to UMC or its nominee (the "**AVO**").

10. The purpose of this report (the **"Receiver's Third Report"**) is to provide the Court with information and the Receiver's comments (where applicable) in relation to the following:

   a) the activities of the Receiver since the date of the Receiver's Second Report; including:

      i. the closing of the sale of the Building;

      ii. the completion of an interim distribution to creditors;

      iii. the Receiver's counsel's progress on pre-Receivership litigation proceedings, and the Receiver's intentions going forward in relation thereto; and

      iv. the proposed settlements reached in relation to the life leases of the tenants of the buildings;

   b) the receipts and disbursements incurred by the Receiver since the onset of the receivership proceeding up to and including April 12, 2024 (the "**April 12 Statement of Receipts and Disbursements**");

   c) the fees and expenses of the Receiver and its counsel from November 18, 2023, up to and including April 5, 2024;

   d) a proposed payment of the remaining funds held by the Receiver, less an accrual for fees and expenses of the Receiver to finalize the administration of the administration of these receivership proceedings (discussed later in this report) to UMC;

and to obtain an Order (or Orders) of the Court that:

   e) approves the Receiver's actions as set out in this report;

f) approves the April 12 Statement of Receipts and Disbursements;

g) approves the proposed life leases settlement and distribution of the funds held in trust by Reynolds Mirth Richards & Farmer LLP ("**RMRF**");

h) approves the fees and expenses of the Receiver and those of its legal counsel, up to and including April 5, 2024;

i) approves the Receiver's payment of remaining funds to UMC as contemplated in paragraph 10(d) above;

j) approves the unsealing of the confidential supplements to the Receiver's First and Second Reports;

k) approves the discharge of the Receiver after all funds held by the Receiver have been distributed, and all administrative matters have been concluded, without the requirement for an additional application to the Court upon the filing of a certificate and final statement of receipts and disbursements for Careadon (the "**Final Statement of Receipts and Disbursements**"); and

l) provides such further relief that the Court considers just and warranted in the circumstances.

DISCLAIMER

11. In preparing the Receiver's Third Report, the Receiver relied upon certain financial information prepared by Careadon and derived from discussions with Management. The Receiver has not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of the information provided. Accordingly, the Receiver expresses no opinion or other form of assurance on the information contained in this report or relied upon in its preparation.

12. This report should be read in conjunction with any other materials filed before the date of the upcoming application to Court which has currently been set for April 22, 2024. All reports and Orders, save for items directed to be sealed for confidentiality purposes, are available on the Receiver's website established for these proceedings that is located at *https://documentcentre.ey.com/#/detail-engmt?eid=535*

13. All references to dollars are in Canadian currency unless otherwise noted.

ACTIVITIES OF THE RECEIVER SINCE THE RECEIVER'S SECOND REPORT

14. In addition to ongoing discussions with Management, and the various other stakeholders, the paragraphs that follow outline the more significant activities of the Receiver since the Receiver's Second Report.

Closing of the Sale

15. Upon the Court's approval of the of the Superior Offer, the Receiver proceeded to finalize the sale of the Building with UMC's nominee 2563080 Alberta Ltd. (the "**Sale**").

16. On January 8, 2024, the Sale of the Building closed, and the Receiver provided notice to all service providers of the transaction (waste management, utilities, insurance), and requested accounts be closed and/or transferred over to the purchaser.

17. Given the insurance policies in place were paid up to February 29, 2024, Bulger Insurance (the broker of the three insurance policies in place), determined that a refund in the amount of $111,009.00 was owed to the Receiver (the "**Refund**").

18. The Receiver has made several efforts to follow up with Bulger Insurance to get a timeline as to when the Refund will be paid back to the Receiver. On April 2, 2024, Bulger Insurance requested the appropriate mailing address to deliver the Refund to the Receiver. As of the date of this report, the Receiver has yet to receive the Refund, but will follow up with Bulger Insurance if the Refund is not received in due course.

19. As stated in the Receiver's Second Report, it was the intent of UMC and the Receiver to close and distribute funds to HMT (the senior secured creditor) by December 29, 2023; however, due to the holiday season, the closing date was delayed, and the Sale closed on January 8, 2024. As such, the funds received by Receiver's counsel and paid out to HMT on January 8, 2024, totaled $14,271,329.33 after accounting for additional per diem interest of $4,932.07 plus an additional $9,885.75 for HMT's legal fees.

20. Noted in Paragraph 54(b) of the Receiver's Second Report, UMC agreed to subordinate the Receiver's borrowings to the mortgage of HMT, up to a maximum of $1MM. As such, it was determined that the remaining funds from the Sale, after paying HMT as noted above, would be remitted to UMC. A total of $1,189,844.55 was remitted from the Receiver's counsel to UMC to repay the Receiver's borrowings, interest on those borrowings, and to refund $10,173.00 of funds that were overpaid by UMC.

Pre-Receivership Litigation

21. Further to comments in the Receiver's Second Report, the Receiver and its counsel have maintained contact with Kota Contracting Inc. ("**Kota**"), the general contractor of the Building, in relation to the two pieces of litigation in which Careadon and Kota are co-plaintiffs, bearing Court of King's Bench Court File Numbers 1803 23215 and 2003 05717 (collectively the "**Litigation**").

22. In an effort to move these matters forward, the Receiver's counsel requested information and supporting documentation (if available) to review and determine the viability of the Litigation and value in pursuing (if any).

23. The Receiver's counsel advises that the information received to date has been minimal, and RMRF, former Litigation counsel of record for Careadon and Kota, recently withdrew and Kota has retained new counsel.

24. On February 27, 2024, Management provided the Receiver a copy of an Assignment of Claims, dated June 21, 2019, wherein Careadon's rights under the Litigation were apparently assigned to Kota. Attached hereto as **Schedule "A"** is a copy of the Assignment of Claims. The counsel of record at the time, RMRF, confirms that they had not been provided a copy of the Assignment of Claims previously. The Receiver and its counsel have not reviewed the validity of this document.

25. Notwithstanding the above, UMC advised the Receiver that it is not willing to support or fund any further costs or efforts in relation to the Litigation.

26. Given these factors, the Receiver and its counsel have determined that it will not be pursuing any further participation with respect to the Litigation.

Proposed Settlement of Life Leases

27. As at the date of the Receivership, four of the units were occupied by tenants under life leases agreements with Careadon, with a fifth tenant vacating the Building just prior to the Receivership (the "**Life Leases**"). As noted in the Receiver's Second Report, these five tenants that entered the Life Leases (the "**Life Lease Residents**") were required to pay to Careadon a fixed amount comprising of a non-refundable entrance fee equal to 8% of the suite value (the "**Entrance Fee**") and a loan to the Debtor equal to 92% of the suite value (the "**Life Lease Loan**").

28. Careadon's former corporate counsel RMRF currently holds in trust the Life Lease Loans and accrued interest on behalf of the Life Lease Residents totalling an estimated $1,419.865 as at February 14, 2024 (the "**Deposits**"). A breakdown of the Deposit amounts held in trust with RMRF is as follows:

Careadon Corp	
Life Lease Funds Held in Trust	
Loan	1,196,695
Non-Refundable Deposit	134,046
Interest Accrued	89,124
Total	**1,419,865**

29. Careadon was permitted to use the Life Lease Loan for construction of the Building. Repayment of the Life Lease Loan was to be secured by a second mortgage (the "**Trustee Mortgage**") held and registered by the trustee, Careadon Trust Inc. (the "**Trustee**"), and by a revolving cash security fund held by the Trustee in the amount of $4 million (the "**Cash Reserve**") which was to be the sole security for repayment of the Life Lease Loan.

30. The Receiver and its counsel made various efforts through these proceedings to determine if the Trustee ever established the Cash Reserve but was provided with no evidence or information suggesting same was ever established. The Trustee Mortgage was never registered against the Building's title, and in any event, it was a term of the Trustee Mortgage that it would be subject to a first mortgage in favour of a lender who will provide financing for the acquisition, construction, development and operations of the Building.

31. Careadon did not use any part of the Deposits to fund construction, development and operations of the Building.

32. UMC did not seek to take assignment of the Life Leases as part of the AVO. However, Life Lease Residents were permitted to occupy the Building for a minimum of six months following closing of the Sale so long as they continued to pay the same monthly costs. The AVO did not resolve the parties' respective claims against the Deposits.

33. Upon closing of the sale of the Building, the Receiver reached out to the Life Lease Residents and UMC, in an effort to reach a settlement as to whether the funds should be released and to whom, given the competing claims made against the Deposits and with a view to avoiding prolonged litigation.

34. As such, the Receiver proposed that the Life Lease Loan amounts, totaling $1,196,695, be

returned to the Life Lease Residents, with the Entrance Fee and any interest earned, released to the Receiver in trust to be used to cover professional fees and a final distribution to UMC (the "**Settlement**"). The Life Lease Residents and UMC were agreeable to these terms and confirmed this agreement in writing through email to the Receiver's counsel. In addition both UMC and the Life Lease Residents have been put on notice of the upcoming application and the relief sought in this regard.

35. The Receiver believes that the Settlement reached as between the Receiver, UMC and the Life Lease Residents regarding the Deposits is in the best interest of the parties and respectfully requests that this Honourable grant an Order directing RMRF to release the Deposit funds to the Receiver for distribution in accordance with the agreement reached between the parties.

Bankruptcy Trustee's Intention to Abandon Certain Assets

36. Given the Receiver's intentions to not pursue the Litigation, and to settle the Life Leases with the Life Lease Residents and UMC, on March 14, 2024, the Bankruptcy Trustee of Careadon sent notice to all known stakeholders of its intention to abandon these assets.

37. Attached hereto as **Schedule "B"** is a copy of the Bankruptcy Trustee's Intention to Abandon Certain Assets (the "**Bankruptcy Trustee's Notice**").

38. The Bankruptcy Trustee confirms that as of the date of this report, no stakeholders have reached out to dispute the Trustee's actions outlined in the Bankruptcy Trustee's Notice nor have any proposed efforts to recover the litigation and/or life leases been made.

39. Given the date on which the Bankruptcy Trustee's Notice was sent, coupled with the notice outlining the Receiver's scheduled court appearance on April 22, 2024, seeking direction, the Bankruptcy Trustee believes no stakeholders intend to take any efforts to recover these assets pursuant to Section 38 of the *Bankruptcy and Insolvency Act*.

Proposed Settlement of Epcor Amounts

40. In late December 2023, Epcor sent notice to the Receiver that amounts were erroneously not billed throughout the Receiver's possession of the Building. Epcor notified the Receiver that it was working to determine the amount owing and would provide a breakdown in the coming months.

41. Upon receiving Epcor's notice, the Receiver advised UMC that there was an additional cost

expected from Epcor, but the amount had yet to be determined.

42. On February 22, 2024, Epcor submitted an invoice in the amount of $101,223.76 pertaining to utility services provided but not invoiced during the Receivership period. The Receiver was alarmed at the quantum of this invoice considering the Building is mostly vacant with most of the units on the top floors not even energized.

43. As such, the Receiver requested support for the invoiced amount claimed, and at the same time, requested its counsel to review the matter given the circumstances and the amount of the invoice in question.

44. After further discussions with Epcor and exchange of support for the invoice, the Receiver proposed reaching a settlement for an amount less than $101,223.76 considering the invoice was not provided until months after establishing post-Receivership accounts.

45. The Receiver initial proposed a settlement of 25,305.94 to Epcor, which was rejected.

46. In response, Epcor proposed a reduction to the invoice of $12,000, which would leave a balance payable of $89,223.76, if accepted by the Receiver. The Receiver's counsel reached out to UMC's counsel to discuss the proposed settlement and to see whether UMC would be supportive.

47. UMC's counsel confirmed with the Receiver's counsel that it was agreeable to the reduced amount payable to Epcor. As such, the Receiver proposes that upon receipt of the Deposits and/or the Refund, Epcor be paid $89,223.76, subject to a release letter being signed between the Receiver and Epcor.

<u>Other Actions of the Receiver to Date</u>

48. Since the onset of these receivership proceedings, the Receiver's other actions include, but are not limited to the following:

a.) receiving and addressing creditor and other stakeholder questions and concerns;

b.) dealing with various operational challenges involving the cancellation and transfer of utilities, repairs and maintenance accounts and other items; and

c.) preparing this report.

STATEMENT OF RECEIPTS & DISBURSEMENTS

49. Outlined in the analysis below is a summary of the receipts and disbursements of the

Receiver from the onset of these proceedings up to April 12, 2024.

Careadon Corp Statement of Receipts and Disbursements For the Period July 7, 2023 to April 12, 2024		
	Notes	**July 7, 2023 to April 12, 2024**
Receipts:		
Proceeds from sale	*a*	15,481,233
Receiver's borrowings	*b*	1,150,000
Rental/lease income		62,869
Interest		26,854
Cash in bank		12,260
Refunds		73
Total Receipts		**16,733,289**
Disbursements:		
Distribution to HMT	*a*	14,271,329
Repayment of borrowings & interest	*b*	1,200,018
Property taxes	*c*	419,893
Insurance		335,471
Professional fees	*d*	289,577
Utilities & telecommunications		34,029
Repairs, maintenance & monitoring	*e*	25,646
Payroll		23,339
Furniture rental		14,865
Lanscaping & snow removal	*f*	14,610
Receiver's borrowings fees	*b*	13,250
HMT counsel	*a*	9,886
Source deductions		6,370
Contractor services		5,565
Waste disposal		2,737
Locksmith & FOB access		2,709
IT services		1,278
License fee		75
Bank charges		34
Total Disbursements		**16,670,682**
Cash on Hand - April 12, 2024		**62,607**

50. The Receiver provides the following notes in relation to its analysis above:

a) Upon receipt of the sales proceeds, the Receiver's counsel distributed the funds to pay the amounts owing to HMT as the senior secured creditor in full. HMT's counsel's fees outstanding were paid directly from the proceeds as referenced in the paragraph 19 of this report. The remaining balance was remitted back to UMC to cover Receiver's borrowings, interest and an overpayment as referenced in paragraph 20 of this report;

b) As per the Receivership Order, $1,500,000 in total receiver's borrowings have been approved. As at the date of this report, the Receiver had drawn $1,150,000 in borrowings from UMC and paid UMC's fund fees in the amount of $13,250. Upon the closing of the sale of the Building, cash proceeds were used to pay the Receiver's borrowings and interest;

c) As referenced in the Receiver's First Report, the Receiver paid the 2022 outstanding property tax amounts in order to avoid further penalties and interest from accruing;

d) Receiver's fees and disbursements ($173,907.96) and Receiver's counsel's fees and disbursements ($115,668.88) to date, which have been invoiced and paid out of funds on hand;

e) Repairs and maintenance relating to HVAC repairs, plumbing, and elevator maintenance, among other items; and

f) Costs associated with the removal of weeds onsite at the date of receivership along with the upkeep of the Building and surrounding area.

PROFESSIONAL FEES TO APRIL 5, 2024

Summary of Receiver's Accounts

51. Set out in the chart below is a summary of the Receiver's time (and related charges) for each individual who has worked on this matter up to April 5, 2024. To date, the Receiver has rendered two invoices to the estate for its fees and expenses in the amount of $173,907.96 (inclusive of GST). Attached hereto as **Schedule "C"** are copies of these invoices.

Receiver's Fee Schedule

Employee	Hours	Rate (Standard)	Amount
Duncan Yang	1.00	895.00	895.00
Ellie Eplett	13.00	295.00	3,835.00
Evan MacKinnon	142.90	590.00	84,311.00
Khanh Vuong	2.50	675.00	1,687.50
Kim Dao Phan	6.50	395.00	2,567.50
Mark Shtay	42.80	395.00	16,906.00
Matt McCulloch	77.40	895.00	69,273.00
Talia Buzagalo	4.00	395.00	1,580.00
Trina Sorbara	7.90	395.00	3,120.50
Victoria Milis	1.00	525.00	525.00
Total	**299.00**		**184,700.50**

52. Using the standard rates of the Receiver, total invoiced fees are $184,700.50 (exclusive of GST); however, the Receiver has provided a courtesy discount in the amount of $23,929.00, bringing the total fees invoiced down to $160,771.50.

53. Expenses invoiced to date have totaled $4,855.13 (exclusive of GST). These expenses are predominantly in relation to mail redirection requests, mailouts, advertising the sales process and mileage.

54. Accounting for the fees of $160,771.50, expenses of $4,855.13, and total GST of $8,281.33, the invoiced total to date is equal to the $173,907.96 amount referenced in paragraph 51 of this report.

55. The Receiver's total WIP outstanding to April 5, 2024, is $58,695.49 (inclusive of GST). For clarity, this amount is in addition to the amounts previously invoiced to the estate by the Receiver as indicated above. The breakdown of the Receiver's outstanding WIP is as follows:

    a) $55,870.00 in unbilled time charges of the Receiver;

    b) $30.47 in expenses relating to postage; and

    c) $2,795.02 GST.

56. Since the appointment of the Receiver by this Court, Mr. Matthew McCulloch, CA, CPA, CIRP, LIT, who is a Partner with EY, has had primary responsibility for the work carried out by the Receiver. However, wherever appropriate, work was delegated to other members of the EY team to mitigate the professional fee charges of the Receiver.

57. In the Receiver's respectful opinion, the time and disbursements incurred in the course of its duties are fair and reasonable in these circumstances. Further, the Receiver's costs in relation to the Receivership to April 5, 2024, are comparable to receivership assignments of similar scale and complexity.

58. The hourly rates charged by the Receiver are consistent with the average hourly rates billed by the Receiver on its other engagements and, to the Receiver's knowledge, are reasonably consistent with other firms of comparable size and qualifications engaged on similar receivership matters.

59. The Receiver respectfully requests that the Court approve its fees and expenses incurred to April 5, 2024.

Receiver's Legal Counsel's Fees

60. The Receiver engaged the services of McLennan Ross LLP as its independent legal counsel to assist with the obligations in these proceedings. The individual lawyer primarily responsible for assisting the Receiver is Mr. Ryan Trainer.

61. As of the date of this report, Receiver's legal counsel has remitted three invoices totaling $115,668.88. Attached hereto as **Schedule "D"** are copies of the legal invoices rendered by McLennan Ross LLP.

62. The Receiver's legal counsel's total WIP outstanding to April 5, 2024, is $8,321.25 (inclusive of GST). For clarity, this amount is in addition to the amount previously invoiced to the estate. This amount represents $7,925.00 in unbilled time and $396.25 in GST.

63. Given the specific circumstances encountered in these receivership proceedings to date and the extensive involvement of counsel for UMC, Harbour and various other stakeholders, the Receiver advises that its counsel played a crucial role in these receivership proceedings. Further, the Receiver has reviewed the invoice rendered to it by McLennan Ross LLP and believes they are both reasonable and proper. The legal services provided have been necessary for the Receiver to fulfill its obligations in these proceedings.

64. Based on the above, the Receiver respectfully requests that the Court approve the fees and expenses of its legal counsel to April 5, 2024.

Proposed Distribution and Accrual for Professional Fees

65. Upon receipt of the Refund and the Deposits, the Receiver proposes payment of outstanding professional fees as of April 5, 2024. Further, the settled amount owing to Epcor will be paid out directly from the funds available to the Receiver.

66. The remaining amounts are to be distributed to UMC, the remaining senior secured creditor. The Receiver proposes to retain a holdback of $25,000 from the funds in trust with the Receiver to cover the professional fees and expenses from April 5, 2024, onward to the conclusion of these proceedings as well as potentially being used to fund the cost of the Bankruptcy Trustee. The Receiver will discuss and negotiate the payment of the Bankruptcy Trustee's fees and costs with UMC and will adjust this holdback as required.

67. Accounting for the proposed holdback, the Receiver proposes to distribute the following to UMC (the "**Proposed Distribution**"):

Cash on Hand - April 12, 2024	62,607
Insurance Credit	111,009
Life Lease Deposits	134,046
Life Lease Interest	89,124
Anticipated Funds Available	**396,786**
Less:	
Professional Fees as at Apr 5, 2024	67,017
Epcor Settlement	89,224
Proposed Accrual to Close	25,000
Total Funds Available for Distribution	**215,545**

68. Any funds not required from the above noted holdback (if any), as well as any additional funds received by the Receiver (if any), will be distributed to UMC.

CONFIDENTIAL APPENDICES

69. The Restricted Court Access Orders dated August 31, 2023, and December 8, 2023, sealing the confidential supplements to the Receiver's First and Second Reports to the Court are no longer necessary and the Receiver respectfully requests an Order that the Clerk of the Court unseal the confidential supplements to the Receiver's First and Second Reports.

DISCHARGE OF RECEIVER

70. In an effort to minimize costs, the Receiver respectfully requests that the Court grants its discharge, without the requirement for an additional application to the Court, subject to the Receiver confirming to the Court, in an affidavit, that it has completed the following tasks (as required):

   a) a final GST return has been compiled and filed with the Canada Revenue Agency for the post-receivership period and any resulting refunds (if any) received, have been forwarded to the Court in addition to the amount contemplated in this report;

   b) the payment of the Receiver's Proposed Distribution (if approved);

   c) the payment to UMC of any surplus amounts that remain (if any) after the payment of the accrued amount for professional fees; and

   d) upon completion of the above, the Receiver has closed Careadon's trust account and filed a Final Statement of Receipts and Disbursements pursuant to 246(3) of the *Bankruptcy and Insolvency Act*.

CONCLUSION

71. Based on the matters outlined in this report, the Receiver respectfully requests that this Honourable Court grant and Order (or Orders) that:

a) approves the Receiver's actions as set out in this report;

b) approves the April 12 Statement of Receipts and Disbursements;

c) approves the proposed settlement and distribution of the funds held in trust by RMRF;

d) approves the fees and expenses of the Receiver and those of its legal counsel, including unbilled WIP up to April 5, 2024;

e) approves the Proposed Distribution as set out herein;

f) approves unsealing the confidential supplements to the Receiver's First and Second Reports;

g) approves the discharge of the Receiver after all funds held by the Receiver have been distributed (if approved), and all administrative matters have been concluded, without the requirement for an additional application to the Court; upon the filing of an affidavit confirming the administration is complete with a copy of the Receiver's Final Statement of Receipts and Disbursements for Careadon; and

h) provides such further relief that the Court considers just and warranted in the circumstances.

Respectfully submitted this 15th day of April 2024.

Ernst & Young Inc.
In its capacity as Receiver of
Careadon Corp.
and not in its Personal Capacity

Per:

Matt McCulloch, CPA, CA, CIRP, LIT
Senior Vice President

SCHEDULE “A”

ASSIGNMENT OF Insurance Claims or Claims

This Assignment of Insurance Claims or Claims (the Assignment") made this 21st day of June, 2019.

BETWEEN:	Careadon Corp. (the "Assignor"), a corporation incorporated under the laws of Alberta, with its head office located at: 166 Westridge Rd, Edmonton, Alberta, T5T 1B8
AND:	Kota Contracting Inc. (the "Assignee"), a corporation incorporated under the laws of Alberta, with its head office located at: 166 Westridge Rd, Edmonton, Alberta, T5T 1B8

FOR VALUE RECEIVED, the Assignor hereby sells and transfers to the Assignee and its successors, assigns and personal representatives, any and all claims, demands and causes of actions on any kind whatsoever which has or may have with respect to water damage to Careadon Village located at #2 Inglewood Dr. St Albert.

And the Assignee may in its own name and for its own benefit prosecute, collect, settle, compromise and grant releases on claims as it in its sole discretion deems advisable.

This Agreement constitutes the entire Agreement between the Parties. No modification or amendment of this Agreement shall be effective unless in writing and signed by both Parties.

IN WITNESS WHEREOF, the parties have executed the Assignment on the day and year first above written.

ASSIGNOR	ASSIGNEE
Authorized Signature Careadon Corp	Authorized Signature Careadon Corp
Terence Hodgson (President)	Terence Hodgson (President)
Print Name and Title	Print Name and Title

SCHEDULE “B”

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In The Matter of The Bankruptcy of Careadon Corp.

IMPORTANT NOTICE OF TRUSTEE'S INTENTION TO ABANDON CERTAIN ASSETS

To all known creditors:

If you are not already aware, please be advised that Ernst & Young Inc. was appointed Trustee in the matter of the bankruptcy of Careadon Corp. ("**Careadon**") under the *Bankruptcy and Insolvency Act* ("**BIA**"), pursuant to a Bankruptcy Order granted on November 16, 2023 (the "**Order**"). Our firm is also acting as the Court-Appointed receiver ("**Receiver**") for Careadon.

Subject to the Court's approval, the Receiver is looking to enter into settlement agreements with the four (4) life lessors (the "**Lessors**") in relation to the building previously owned by Careadon. The terms of the proposed settlement are as follows:

1.) 8% of the initial life lease payment Careadon received from each of the Lessors that is currently being held in trust with independent counsel will be forwarded to the Receiver for the benefit of Careadon's creditors, the balance of 92% of such amounts will be returned to the Lessors;

2.) All of the interest earned on the total amounts held in trust as noted in 1.) above will be collected by the Receiver for the benefit of Careadon's creditors;

The funds collected by the Receiver as outlined above will be used to cover the costs to complete the administration of the receivership, and any remaining funds (if any) will be paid to the senior secured creditor, UMC Financial Management Inc. ("**UMC**"), who has suffered a significant shortfall in the circumstances. There will be no funds available to unsecured creditors as a result.

Further, throughout the Receivership, the Receiver has been in discussions with Kota Contracting Inc. ("**Kota**"), the general contractor in relation to the building owned by Careadon, in relation to two pieces of litigation in which Kota and Careadon are the plaintiff (Actions 2003 05717 & 30651.043). The Trustee advises the following in relation to these lawsuits:

1.) UMC has advised the Receiver that it is not willing to fund any further efforts in relation to these lawsuits, and does not support the Receiver using estate funds (that otherwise form part of its security) to pursue these lawsuits further;

2.) the Receiver has received minimal information in relation to these lawsuits;

3.) the counsel of record for Careadon and Kota has recently removed themselves from the proceedings going forward;

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4.) the director of Careadon provided the Receiver a copy of an Assignment of Claims, between Careadon as the assignor, and Kota as the assignee, dated June 21, 2019 assigning Careadon's rights under these lawsuits to Kota.

Given the above factors, the Receiver will not be pursing any further participation with respect to these lawsuits.

The Trustee believes that the Receiver's settlement of the life leases and abandonment of the litigation as discussed herein is a reasonable course of action and is supportive. In addition, given the quantum of the shortfall suffered by UMC in the circumstances, the Trustee does not see any possible benefit to the unsecured creditors in the bankruptcy to justify incurring costs and expending any further time or effort attempting to realize on these assets. As such, the Trustee will not be pursuing any recovery in relation to these assets any further.

As a creditor, if you disagree with the Trustee's actions outlined herein, you can consider taking up efforts to recover these assets at your own risk and expense, individually or as a group, pursuant to Section 38 of the BIA. If you wish to consider doing so, you should advise the Trustee immediately and seek legal advice.

For your information, the Receiver has scheduled an application before the Court on April 22, 2024 to approve its intentions in relation to the above assets and move forward with finalizing the administration of the receivership. The Trustee will not be opposing the relief sought by the Receiver. Govern yourself accordingly.

Yours truly,

Matt McCulloch
Partner / Principal

SCHEDULE “C”

Ernst & Young Inc.
Edmonton, AB

Invoice

Careadon Corp.
2 Inglewood Drive
St. Albert, AB T8N 7W6
Canada

Invoice No.: CA12C500009795
Please include this number with payment

Invoice Date:	October 03, 2023
Due Date:	Upon receipt
Client No.:	0013475236
Engagement No.:	E-67560857

Please see last page of the invoice for payment instructions.

For work performed by the Receiver, Ernst & Young Inc., from the date of Receivership, July 7, 2023 up to and including September 29, 2023.

		Net	Tax	Rate	Tax Amount	CAD Total
Fees		140,525.50				
Less: Courtesy Discount		-23,923.00				
Subtotal		116,602.50	GST	5 %	5,830.13	122,432.63
Expenses		4,779.25	GST	5 %	238.96	5,018.21
		121,381.75			**6,069.09**	**127,450.84**
Invoice summary		**121,381.75**				
Tax:	5% GST				6,069.09	
Total:		**121,381.75**			**6,069.09**	**127,450.84**

A member of Ernst & Young Global

Terms: Payment due upon receipt. Interest is charged at the rate of 12 % per annum on balances unpaid after 30 days from date of invoice. Any disbursements not charged to your account on the date of this invoice will be billed later.
GST/HST: R123425522 **QST:** 1006354498

Ernst & Young Inc.
Edmonton, AB

Invoice

Careadon Corp.
2 Inglewood Dr NW St
St. Albert, AB T8N 7W6
Canada

Invoice No.: CA12C500010064
Please include this number with payment

Invoice Date:	December 18, 2023
Due Date:	Upon receipt
Client No.:	0013475236
Engagement No.:	E-67560857

Please see last page of the invoice for payment instructions.

For work performed by the Receiver, Ernst & Young Inc., from the date of Receivership, September 30, 2023 up to and including November 17, 2023.

		Net	Tax	Rate	Tax Amount	**CAD** Total
Fee		44,169.00	GST	5 %	2,208.45	46,377.45
Expenses		75.88	GST	5 %	3.79	79.67
		44,244.88			**2,212.24**	**46,457.12**
Invoice summary		**44,244.88**				
Tax:	5% GST				2,212.24	
Total:		**44,244.88**			**2,212.24**	**46,457.12**

A member of Ernst & Young Global

Terms: Payment due upon receipt. Interest is charged at the rate of 12 % per annum on balances unpaid after 30 days from date of invoice. Any disbursements not charged to your account on the date of this invoice will be billed later.
GST/HST: R123425522 **QST:** 1006354498

Ernst & Young Inc.
Edmonton, AB

Payment Options and Instructions

Interac e-Transfer

Email to use for transfer: etransfer.eyllp.cad@ca.ey.com

Auto-deposit is enabled, no password is required.

In Notes/Comments section, please include invoice number(s).

Cheques

P.O. Box 57104
Postal Station A
Toronto, ON M5W 5M5.

Please include the invoice number(s) on the cheque details.

Wire Transfer

Beneficiary:	Ernst & Young LLP
Address:	100 Adelaide Street West Toronto, ON, M5H 0B3
Beneficiary Bank	BMO Bank of Montreal
Bank SWIFT Code:	BOFMCAM2
Code CC:	000124112
Beneficiary's Account #:	24111000237

Electronic Funds Transfer (EFT)

Legal Name:	Ernst & Young LLP	
Banking Information:	Bank of Montreal	
	Bank :	001
	Transit :	**24112**
	Account #:	1000237

To ensure proper application of your electronic payment, please provide client and invoice number details directly to:
gss.CanadaAccountsReceivable@xe02.ey.com.

SCHEDULE “D”

MCLENNAN ROSS
LEGAL COUNSEL

ERNST & YOUNG INC.
10423 101 STREET NW, SUITE 1400
EDMONTON, AB T5H 0E7
EVAN MACKINNON

ATTENTION: EVAN MACKINNON

Invoice Date:	September 27, 2023
Invoice No.:	839638
Client No.:	004355
Matter No.:	20232371 RTT

SUMMARY OF ATTACHED ACCOUNT

RE: RECEIVERSHIP OF CAREADON CORPORATION, CITIPORT DEVELOPMENT LTD, ARTISAN RESIDENCES LTD., CHALTON HOTEL (ST. ALBERT) LTD. AND 1097016 BC LTD.

Total fees, other charges, disbursements and tax for professional services rendered, details of which are attached.

	Currency: CAD
Fees	$51,639.00
Costs (Taxable)	$729.96
	$52,368.96
GST	$2,618.45
	$54,987.41
Costs (Non-Taxable)	$70.00
Total Amount Due	**$55,057.41**

G.S.T. #R119415172
ALL ACCOUNTS ARE PAYABLE UPON RECEIPT, INTEREST AT THE RATE OF 1.5% PER MONTH (18% PER ANNUM) SHALL BE CHARGED ON ALL ACCOUNTS FROM DATE OF BILLING; HOWEVER, NO INTEREST WILL BE CHARGED ON ACCOUNTS PAID WITHIN 30 DAYS.

SEE REMITTANCE PAGE FOR PAYMENT OPTIONS

Edmonton
600 McLennan Ross Building
12220 Stony Plain Road
Edmonton, AB T5N 3Y4
Telephone 780 482 9200
Facsimile 780 482 9100
Toll-free 800 567 9200

Calgary
1900 Eau Claire Tower
600 – 3rd Avenue SW
Calgary, AB T2P 0G5
Telephone 403 543 9120
Facsimile 403 543 9150
Toll-free 888 543 9120

Yellowknife
301 Nunasi Building
5109 – 48th Street
Yellowknife, NT X1A 1N5
Telephone 867 766 7677
Facsimile 867 766 7678
Toll-free 888 836 6684

McLENNAN ROSS
LEGAL COUNSEL

ERNST & YOUNG INC.
10423 101 STREET NW, SUITE 1400
EDMONTON, AB T5H 0E7

ATTENTION: EVAN MACKINNON

Invoice Date:	December 4, 2023
Invoice No.:	844578
Client No.:	004355
Matter No.:	20232371 RTT

SUMMARY OF ATTACHED ACCOUNT

RE: RECEIVERSHIP OF CAREADON CORPORATION, CITIPORT DEVELOPMENT LTD, ARTISAN RESIDENCES LTD., CHALTON HOTEL (ST. ALBERT) LTD. AND 1097016 BC LTD.

Total fees, other charges, disbursements and tax for professional services rendered, details of which are attached.

	Currency: CAD
Fees	$32,727.50
Less Discount	($3,184.36)
Costs (Taxable)	$453.05
	$29,996.19
GST	$1,499.81
	$31,496.00
Costs (Non-Taxable)	$4.00
Total Amount Due	**$31,500.00**

G.S.T. #R119415172
ALL ACCOUNTS ARE PAYABLE UPON RECEIPT, INTEREST AT THE RATE OF 1.5% PER MONTH (18% PER ANNUM) SHALL BE CHARGED ON ALL ACCOUNTS FROM DATE OF BILLING; HOWEVER, NO INTEREST WILL BE CHARGED ON ACCOUNTS PAID WITHIN 30 DAYS.

SEE REMITTANCE PAGE FOR PAYMENT OPTIONS

Edmonton
600 McLennan Ross Building
12220 Stony Plain Road
Edmonton, AB T5N 3Y4
Telephone 780 482 9200
Facsimile 780 482 9100
Toll-free 800 567 9200

Calgary
1900 Eau Claire Tower
600 – 3rd Avenue SW
Calgary, AB T2P 0G5
Telephone 403 543 9120
Facsimile 403 543 9150
Toll-free 888 543 9120

Yellowknife
301 Nunasi Building
5109 – 48th Street
Yellowknife, NT X1A 1N5
Telephone 867 766 7677
Facsimile 867 766 7678
Toll-free 888 836 6684

McLENNAN ROSS
LEGAL COUNSEL

ERNST & YOUNG INC.
10423 101 STREET NW, SUITE 1400
EDMONTON, AB T5H 0E7

ATTENTION: EVAN MACKINNON

Invoice Date:	February 27, 2024
Invoice No.:	849857
Client No.:	004355
Matter No.:	20232371 RTT

SUMMARY OF ATTACHED ACCOUNT

RE: RECEIVERSHIP OF CAREADON CORPORATION, CITIPORT DEVELOPMENT LTD, ARTISAN RESIDENCES LTD., CHALTON HOTEL (ST. ALBERT) LTD. AND 1097016 BC LTD.

Total fees, other charges, disbursements and tax for professional services rendered, details of which are attached.

	Currency: CAD
Fees	$26,633.00
Costs (Taxable)	$1,004.59
	$27,637.59
GST	$1,381.88
	$29,019.47
Costs (Non-Taxable)	$92.00
Total Amount Due	**$29,111.47**

G.S.T. #R119415172
ALL ACCOUNTS ARE PAYABLE UPON RECEIPT, INTEREST AT THE RATE OF 1.5% PER MONTH (18% PER ANNUM) SHALL BE CHARGED ON ALL ACCOUNTS FROM DATE OF BILLING; HOWEVER, NO INTEREST WILL BE CHARGED ON ACCOUNTS PAID WITHIN 30 DAYS.

SEE REMITTANCE PAGE FOR PAYMENT OPTIONS