

IN THE SUPREME COURT OF BRITISH COLUMBIA

**IN THE MATTER OF THE RECEIVERSHIP OF
THE SYMPHONY DEVELOPMENT CORPORATION
(Referred to as “Symphony” or the “Company”)**

RECEIVER MANAGER’S FIRST REPORT TO COURT

MARCH 9, 2010

**THE SYMPHONY DEVELOPMENT CORPORATION
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1. INTRODUCTION

- 1.1 On January 12, 2010, by order of the Supreme Court of British Columbia (the "Court") on application of Malkit Johal ("Johal") and Gurmel Singh Kainth ("Kainth"), PricewaterhouseCoopers Inc. ("PwC") was appointed Receiver Manager (the "Receiver") of The Symphony Development Corporation ("Symphony" or the "Company"). Johal and Kainth each own 50% of the shares of the Company.
- 1.2 The appointment of the Receiver was a result of the deterioration of the relationship between Johal and Kainth, which had reached a point where neither shareholder could agree with the other on issues facing the Company. Both shareholders have involved their sons Jagdip Johal ("Jagdip") and Gurdeep Kainth ("Gurdeep") in the management of their respective investments in the Company, and requested that the Receiver deal directly with their respective son to obtain information concerning the Company. Consequently, references to the shareholders throughout this report include reference to their sons.
- 1.3 At the time of the receivership application, Symphony was experiencing a liquidity problem which could not be resolved. In particular, on November 30, 2009, the first mortgagee on the Company's major development project, Coast Capital Savings ("CCS"), obtained an Order Nisi with a redemption period ending May 30, 2010.
- 1.4 The appointment of the Receiver was intended to facilitate the realization of the Company's assets and satisfy its obligations to its creditors. The expectation was that the Company would have sufficient proceeds to repay all of its valid liabilities and then turn over the remaining proceeds to the shareholders.
- 1.5 This is the Receiver's first report to the Court. The purpose of this report is to:
 - 1.5.1 Report on the Receiver's activities to date and provide some preliminary information regarding the assets and liabilities of the Company;
 - 1.5.2 Outline the Receiver's intended realization process for the Spencer's Ridge Development ("Spencer's Ridge") lots and seek the Court's approval of same.
 - 1.5.3 Outline the Receiver's intended realization process for the Albion Slopes Development ("Albion Slopes") and seek the Court's approval of same.

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- 1.5.4 Outline a claims process and seek the Court's approval to conduct the process.
- 1.5.5 Describe the current information on hand regarding the sales of 10 lots in Spencer's Ridge.
- 1.5.6 Provide an estimate of the administration costs of the Receivership and seek the Court's approval for an increase in the administrative charge.

2. ACTIVITIES OF THE RECEIVER

- 2.1 Since our appointment the Receiver has undertaken the following:
 - 2.1.1 Met with the shareholders to obtain background information regarding the Company's assets and liabilities and the state of the development lands;
 - 2.1.2 Met with representatives of the District of Maple Ridge ("Maple Ridge") to determine the status of rezoning services agreements, subdivision service agreements, development permits and other applications. During this meeting, Maple Ridge outlined a number of concerns regarding the current state of Albion Slopes and indicated their position with respect to the completion of the site serving work;
 - 2.1.3 Sought to obtain the Company's books and records from the shareholders, the Company accountant, and the Company solicitor;
 - 2.1.4 Conducted a preliminary review of the books and records obtained;
 - 2.1.5 Commenced updating the financial records for purposes of completing tax returns and other corporate filings;
 - 2.1.6 Seized cash in the bank and arranged for the sale of the Company's pick-up truck through a public auction;
 - 2.1.7 At the request of Johal, conducted a preliminary review of the sale of 10 Spencer's Ridge lots as set out in Section 10 of this report;

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- 2.1.8 Reviewed and lodged an appeal of a property purchase tax assessment on the transfer of the original Albion Slopes lands into a bare trust for purposes of subdividing the lands;
- 2.1.9 Held preliminary discussions with multiple real estate developers regarding the Albion Slopes property to assess market interest in the site;
- 2.1.10 Discussed the sale of the Company's lands with various realtors and obtained proposals for the sale of Spencer's Ridge and Albion Slopes;
- 2.1.11 Met with and consulted through extensive correspondence with the shareholders to obtain their input on the most effective manner to dispose of the Company's lands. The Receiver attempted to determine if consensus could be reached in this regard; and,
- 2.1.12 Developed approaches for the disposition of the Company lands taking into consideration input obtained from the shareholders.

3. BOOKS AND RECORDS

- 3.1 Upon its appointment, the Receiver sought to obtain the books and records of the Company from each shareholder, the Company accountant, and the Company solicitor.
- 3.2 It took nearly six weeks for each of the parties to turn over the records in their possession to the Receiver. As a result, the Receiver has conducted much of its analysis without the benefit of reviewing the books and records in detail.
- 3.3 At this time, the Receiver understands that all books and records that exist have been turned over to it, except for certain records held by the Company solicitor.
- 3.4 The Receiver notes that typical financial accounts were not maintained by the Company. The practice was to annually provide bank statements, deposit books, and cancelled cheques to an external accountant for the purpose of preparing annual financial statements and the corporate income tax return. The most recently prepared financial statements and corporate income tax return are for the year ended August 31, 2008.

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- 3.5 Financial statements and the corporate income tax return for the fiscal year ended August 31, 2009 have not been completed. The tax return was due to be filed by February 28, 2010, which has not occurred.
- 3.6 The Company has not filed a GST return for any period subsequent to March 31, 2009. The Receiver is aware that a sizable refund was owing to the Company as at that date, but has been withheld by the Canada Revenue Agency until all returns are filed.
- 3.7 The Receiver is experiencing certain difficulties in administering the Company as a result of the limited detailed financial documents. In particular, the Receiver notes the following:
 - 3.7.1 There is no unpaid invoice sub-ledger that maintains trade creditor claims;
 - 3.7.2 There is no accounting for the notes payable or deposits payable other than a running total of the balance as presented in the financial statements. There is no sub-ledger of the notes or deposits payable to indicate the balances owing by creditor; and,
 - 3.7.3 The supporting documentation for cash transactions is limited to the bank statements, the deposit book, and the cancelled cheques. These documents often contain inadequate descriptions of the transactions. Considerable effort is therefore required to match the transactions to other documents such as property transfers supplied by the Company solicitor.
- 3.8 The Receiver has requested that Gurdeep and a former contract employee of the Company provide details on the current list of liabilities. To date, these details have not been received. Furthermore, the Receiver has requested further information from Gurdeep on the nature of certain banking transactions during 2009 so that it can bring the accounts up to date, prepare financial statements, and file corporate income tax and GST tax returns. This information has also not yet been received.

4. DEALING WITH THE SHAREHOLDERS

- 4.1 Upon its appointment, the Receiver arranged to meet with each shareholder in order to obtain background information on the Company's operations and seek their views on various issues facing the Company, including the appropriate approach to sell the Company's assets. As the Receiver initially understood that the Company was solvent, it expected that obtaining the shareholder's view would be important as it developed its approach to deal with various issues.

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- 4.2 Once the Receiver began to compile financial information with respect to Symphony, it began to question the Company's solvency and the weight to which it should assign to the opinions of the Company's shareholders.
- 4.3 The Receiver sought comments from the shareholders on the disposition of certain assets as follows:
- 4.3.1 The Company owned a F150 truck, which one of the shareholders expressed an interest in purchasing based on a fair market value benchmark. The other shareholder did not wish to have the truck purchased by this shareholder and advised the Receiver that it preferred the Receiver dispose of the truck in another manner.
- 4.3.2 The Company owns four building lots in the Spencer's Ridge subdivision ("Spencer's Ridge") that it developed. The shareholders expressed an interest in purchasing the lots and the Receiver asked them to submit offers; however, no offers were received.
- 4.3.3 The Receiver obtained names of realtors from each shareholder that could be employed to sell the four Spencer's Ridge lots. Each shareholder objected to the names put forth by the other shareholder.
- 4.3.4 The Company's key asset is the Albion Slopes development ("Albion Slopes") that consists of approximately 43 acres of land to be developed into residential housing over four phases. The Receiver developed a list of issues to be decided upon including, the decision to complete some incomplete work, to sell the four phases 'en bloc' or 'piecemeal', the decision to use a realtor or not and if so, which realtor. The Receiver prepared a detailed analysis of the issues and met with, and corresponded with, the shareholders extensively and found little agreement between the shareholders on the issues.
- 4.4 Johal approached the Receiver regarding concerns he had regarding the sale of ten lots in Spencer's Ridge by the Company in May 2009. Johal requested the Receiver investigate the circumstances surrounding the sales as he believed the Receiver should take some measures to preserve the rights to recover certain funds that Johal alleges had been taken from the Company inappropriately. The Receiver conducted a summary investigation, which is further discussed in Section 10 of this report.

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5. SUMMARY OF ASSETS

5.1 Spencer's Ridge

- 5.1.1 Spencer's Ridge is a 34 lot subdivision located in Maple Ridge, B.C. that the Company developed. The subdivision is substantially complete and all but four building lots for single family homes have been sold by the Company prior to the Receivership.
- 5.1.2 Maple Ridge holds \$236,130 as security for the performance of the Company's obligations pursuant to a subdivision servicing agreement. A final deficiency list has been provided by Maple Ridge.
- 5.1.3 The Receiver has held discussions with contractors and estimates that the cost to complete the deficiencies and recover the security deposit is less than \$200,000. Gurdeep has advised that the cost of the work should be approximately \$125,000. The Receiver intends to seek competitive bids for this work, and provided the costs are less than \$200,000, complete the work in order to realize upon the security deposit.

5.2 Albion Slopes

- 5.2.1 Albion Slopes consists of approximately 43 acres of land that has been subdivided and separated into the following:
 - 5.2.1.1 41 single family lots (Phase 1) totaling 5.4 acres.
 - 5.2.1.2 3 townhouse development parcels totaling 8.3 acres and capable of accommodating 135 strata title townhouse units (Phase 2).
 - 5.2.1.3 A single family residential development parcel proposed to be subdivided into 37 single family lots (Phase 3) totaling 7.8 acres.
 - 5.2.1.4 A 3.2 acre parcel of land designated to be a future park. This land has already been transferred to Maple Ridge but represents an integral part of the development site.
 - 5.2.1.5 An 18.3 acre parcel which consists of approximately 15 acres of land in the Urban Reserve and the remainder of the land is considered hatched and

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conservation land. This land is a medium to long term hold as it cannot be developed at this time (Phase 4).

- 5.2.2 We note through our review of the legal titles that the Company is the registered owner of Albion Slopes, but holds it in trust in accordance with a bare trust and agency agreement between the Company, Kainth and Johal.
- 5.2.3 The Company has completed a significant amount of site development and servicing work for Phases 1 & 2 of Albion Slopes but it has not completed its obligations pursuant to the rezoning servicing and subdivision servicing agreements. Maple Ridge currently holds security in the form of letters of credit totaling \$827,157 to ensure that the subdivision servicing work is completed for these Phases.
- 5.2.4 The Receiver engaged D.K. Bowins & Assoc. Inc, the civil engineer previously used by the Company, to review the outstanding requirements under the subdivision servicing agreement and prepare an estimate of the costs to complete the work. The estimated cost to complete the work is approximately \$414,000.
- 5.2.5 The Receiver has concluded that it will not complete the remaining works pursuant to the subdivision servicing agreement for the following reasons:
 - 5.2.5.1 The Receiver expects that a future purchaser will be able to complete the works at a lower cost than what the Receiver will obtain in a competitive bid process and no Receiver fees will be required to administer the completion process.
 - 5.2.5.2 As the Receiver believes that Maple Ridge is motivated to have the site developed, a future purchaser will likely be able to satisfy the deficiencies in a more efficient manner as it completes the entire development or at least a specific phase.
 - 5.2.5.3 The nature of the required work should be easy for potential purchasers to estimate and therefore, should not result in an excess discount.
 - 5.2.5.4 The Receiver expects to recover the security deposit as part of a sales transaction for the property.

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5.3 Ford F150 Pick-up Truck

5.3.1 The Company owned a Ford F150 pick up truck, which the Receiver placed in a public auto auction for sale. The truck was recently sold for gross proceeds of \$5,400.

5.4 Cash in Bank

5.4.1 The Company had approximately \$3,700 in a bank account at the Vancouver City Savings Credit Union ("Vancity"). The Receiver has seized these funds and closed the Vancity account.

5.5 GST Refund

5.5.1 A significant GST refund existed at March 31, 2009 that has not been paid to the Company. This amount will be adjusted by the GST returns to be filed by the Receiver for the last three quarters of 2009. Should a refund exist after these adjustments, the Receiver expects that it will recover the refund.

6. SUMMARY OF LIABILITIES

6.1 The Receiver has attempted to summarize the Companies liabilities by using the liability balances as at August 31, 2008 and through a review of the charges registered against the various properties owned by the Company as listed in the land titles registry. Mortgage balances were estimated by adding the principal balance as noted in the land titles registry plus accrued interest to January 12, 2010, and assuming no principal repayments were made since the registrations. The liabilities are summarized in the following table:

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Nature of Claim	Amount (\$000s)
Mortgages:	
• Coast Capital Savings	11,424
• 0769932 BC Ltd	2,359
• Tejwant Kaur Kainth	470
• Nora Rosalie Marvin	1,624
• Bassi Brothers Framing Ltd.	<u>3,152</u>
	19,029
Builders liens net of duplicate filings	1,638
Property taxes owing to Maple Ridge	125
Unsecured claims:	
• Notes payable	2,540
• Deposits payable	4,568
• Other payables including trade payables	<u>1,191</u>
	8,299
Total Liabilities	29,091

6.2 The Receiver sets out below the details for each of the liability categories that it has been able to compile from the available documentation.

- 6.2.1 CCS holds mortgage security against Albion Slopes in first priority and a general security agreement over all the personal property of the Company. Interest accrues at CCS' prime rate plus ¾%. CCS obtained an Order Nisi on November 30, 2009 and the redemption period expires on May 30, 2010.
- 6.2.2 0769932 BC Ltd. registered a mortgage against Albion Slopes in second priority. Interest accrues at 20% per annum. The Receiver understands that this company is owned by Tejwant Kaur Kainth, the spouse of Kainth.
- 6.2.3 Tejwant Kaur Kainth registered a mortgage against the four unsold Spencer's Ridge lots in first priority. Interest accrues at 10% per annum.
- 6.2.4 Nora Rosalie Marvin registered a mortgage against Albion Slopes in fourth priority behind builder's lien registrations with a face value of approximately \$1.1 million. Interest accrues at 40% per annum.

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- 6.2.5 Bassi Brothers Framing Ltd. registered a mortgage against Albion Slopes in fifth priority. Interest accrues at 22% per annum.
- 6.2.6 Thirteen builder's liens have been filed against the various lands owned by the Company. The amounts presented are based on the lien filings and the Receiver has not yet requested documentation from the claimants.
- 6.2.7 2009 property taxes owing are based on assessment notices issued by Maple Ridge. It appears that no property taxes have been paid since 2008. The amounts do not include any amounts for 2010.
- 6.2.8 Notes payable represent various balances listed as 'notes payable' in the financial records as at August 31, 2008. No supporting records were available to identify the creditor name or the terms of the notes.
- 6.2.9 Deposits payable represent various balances listed as deposits payable in the financial records as at August 31, 2008. No supporting records were available to identify the creditor name for most of these deposits.
- 6.2.10 Other payables include balances owing to a numbered company for a water servicing agreement to supply water to Albion Slopes, as well as to Kainth, Gurdeep and Johal.

7. REALIZATION STRATEGY FOR REAL PROPERTY

- 7.1 Both of the shareholders were familiar with both the Spencer's Ridge and Albion Slopes development projects. Given this familiarity, the Receiver was of the view that it was important to obtain their views and input into the various aspects of realizing on the two projects. The aspects of the two projects that were of particular interest to the Receiver included the following:
 - 7.1.1 The costs and benefits of completing certain outstanding works that were obligations to the municipality and for which security deposits were held.
 - 7.1.2 The nature and extent of issues that may arise with potential purchasers during due diligence. The purpose of identifying such issues is to attempt to mitigate the potential negative

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consequences of such issues should they arise during the sales process.

- 7.1.3 Specific details of discussions and correspondence with potential purchasers prior to the receivership (i.e. both shareholders had previously held sale discussions with certain parties).
- 7.1.4 The general approach to a sale, including an 'en bloc' offering or a 'piecemeal' offering.
- 7.1.5 The cost benefit of using a real estate broker compared to a direct sales offering by the Receiver.
- 7.2 The discussions and correspondence between the Receiver and each of the two shareholders proved challenging. In particular, much of the views and input of the shareholders were contradictory or mutually exclusive. Accordingly, it became necessary for the Receiver to undertake its own independent due diligence review of all issues related to the two projects and the related sales processes.
- 7.3 **Spencer's Ridge**
 - 7.3.1 The Receiver believes that the most effective method of selling the Spencer's Ridge lots is by engaging a realtor.
 - 7.3.2 As part of its search for a realtor, the Receiver obtained the names of two realtors from each of the shareholders that the shareholders believed would be best suited to sell the four remaining building lots in Spencer's Ridge.
 - 7.3.3 The Receiver held discussions with Ron Antelak and Mr. David Rickard regarding the lots and noted that each was familiar with the subdivision and had previously sold lots and houses in it.
 - 7.3.4 Mr. Antelak is one of the top producing realtors in B.C. and is based in Maple Ridge. He has connections with a significant number of developers and builders. Mr. Rickard is also a well established realtor in Maple Ridge with significant connections with builders. Both realtors indicated that they believed the lots could be sold within four weeks as there is currently a healthy demand for building lots.
 - 7.3.5 Johal objected to Mr. Antelak listing the properties as Mr. Antelak was involved in the sale of the 10 Spencer's Ridge lots discussed in Section 10 below. Kainth was not in favour of Mr.

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Rickard being engaged. Both of these realtors were willing to sell the lots on a discounted commission basis.

- 7.3.6 The Receiver considered the importance of a realtor's familiarity with the subdivision and a realtor's connections with builders in the area. The Receiver concluded that if the lots were listed on the Multiple Listing Service and participating broker commissions offered, then the choice of the listing agent could be based on the commission structure offered by the listing realtor.
- 7.3.7 Given the objections of each of the shareholders, the Receiver proposes to list the four building lots with Mr. Ray Casavant of Prudential Realty, a realtor independent of Mr. Antelak and Mr. Rickard.
- 7.3.8 Mr. Casavant is a realtor based in Langley, B.C. who has 21 years of experience selling real estate including properties in Maple Ridge. Mr. Casavant has agreed to a similar discounted commission structure as discussed with the other realtors. The discounted commission structure provides a participating broker fee that will not discourage Mr. Antelak or Mr. Rickard from representing buyers for these lots.
- 7.3.9 The Receiver has obtained indications of value for the four lots but has not obtained an appraisal for them. The Receiver has determined through discussion with the realtors that there is strong interest in the lots and expects that multiple offers will be available to provide a basis for establishing the fair market value of the lots. Based on several realtor's recommendations, including Mr. Casavant, the Receiver intends to list the lots as follows:

Lot #	List Price (\$)
22	189,900
29	199,900
30	199,900
34	199,900

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7.4 Albion Slopes

- 7.4.1 The Receiver has made preliminary enquiries of various major developers based in Metro Vancouver and had discussions with two of the largest commercial realtors in Vancouver, Cushman & Wakefield ("Cushman") and Colliers International ("Colliers").
- 7.4.2 Based on these discussions, the Receiver believes that there will be strong interest in Albion Slopes and each realtor believes that multiple offers will be made for the property. Further, the Receiver expects that gross proceeds for the sale of Albion Slopes will exceed \$19 million.
- 7.4.3 Based on the anticipated strong interest in the property, the Receiver is of the view that an appraisal of Albion Slopes is not necessary or helpful to the receivership administration. The Receiver therefore, intends to rely on a structured sales process to generate multiple bids so that fair market value can be established.
- 7.4.4 In addition, the Receiver has outlined a sale process with a further objective of encouraging all potential purchasers to participate in the process rather than strategically avoid the process and submit a last minute offer to the Court when the Receiver presents a sale for approval by the Court.
- 7.4.5 The Receiver obtained proposals from both Cushman and Colliers. These proposals are summarized in Appendix B.
- 7.4.6 As a result of these proposals and discussions with the realtors, the Receiver recommends the following basic steps and timeline be followed for the sale of Albion Slopes:

Step	Timeline	Date
Preparation of information memorandum and completion of realtor's due diligence.	1 week	March 19, 2010
Expose the property to the market and seek letters of intent. No listing price will be published in order to avoid establishing a possible price ceiling to the offers.	6 weeks	April 30, 2010
Negotiate a top offer and back up offer.	2 weeks	May 14, 2010

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Final due diligence conducted and all conditions removed by selected bidder – unconditional offer achieved.	4 weeks	June 11, 2010
Court approval.	2 weeks	June 25, 2010
Closing.	3 weeks	July 16, 2010
Total Timeframe	18 weeks	

- 7.4.7 The Receiver anticipates that it will secure a conditional offer no later than May 30, 2010, which is the date on which the redemption period expires under the Order Nisi made by the Court in favour of CCS on November 30, 2009.
- 7.4.8 As part of the development of the sales approach, the Receiver considered whether to set and publicize list prices for Albion Slopes. The Receiver concluded that it would not set list prices as it wanted the process to source letters of intent without any bias created by list prices.
- 7.4.9 The Receiver considered whether to offer Albion Slopes ‘en bloc’ or ‘piecemeal’ by phase as the phases are developable at different times. Based on discussions with the realtors and the shareholders, together with its own due diligence, the Receiver intends to seek offers for each phase piecemeal, while concurrently encouraging those parties interested in all phases to submit ‘en bloc’ offers as well.
- 7.4.10 The Receiver will evaluate the letters of intent, taking into consideration the objectives of maximizing realizable value and selling all of the phases.
- 7.4.11 The Receiver was advised by the shareholders that they both preferred that a realtor be engaged rather than rely solely on the Receiver to sell Albion Slopes. The Receiver considered the efficiency and costs of the realtor proposals. An analysis of the costs of the two realtor proposals and the combined marketing approach at different selling prices is attached as Appendix C.
- 7.4.12 The Receiver recommends that the combined marketing approach with Colliers be followed for the following reasons:
- It eliminates a redundancy by the Receiver drafting the information memorandum;

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- It allows Colliers to deal with the interested parties regarding the property and for the Receiver to deal with the aspects of due diligence and the Court sales process;
- The tiered commission structure reflects the value that the realtor provides. The lower commission at lower prices reflects that less additional value has been realized from the use of a realtor whereas a higher commission at higher prices reflects the realtor's value which generated the higher bid. Further, the realtor has additional incentive to maximize the sales price as compared to a flat commission structure; and,
- The combined approach provides the lowest effective cost if the gross proceeds of the sale are less than \$21 million, and is only moderately higher if the sale is greater than \$21 million.

8. PROPOSED CLAIM PROCESS

- 8.1 As noted earlier, the books and records are not complete and the financial accounts are not up to date. Accordingly, the nature and extent of the liabilities is not known. The Receiver has summarized the available information regarding liabilities, however, some are not considered reliable and must be vetted in some manner before any distributions can be made or determination as to which stakeholders may be impacted by the asset sales.
- 8.2 Through discussions with the shareholders and a review of the books and records, it appears that there are potential issues with the liabilities. We set out certain of these issues below:
- 8.2.1 Each of the shareholders has raised concerns regarding the validity of certain mortgage registrations, and/or the legitimacy of the underlying indebtedness.
- 8.2.2 The Receiver is not confident that all creditors have necessarily been identified.
- 8.2.3 Several parties have filed liens against the Albion Slopes property, but it appears that several of the underlying amounts owing are duplicate.
- 8.2.4 There may be claims that are non-arm's length in nature that will require special considerations in assessing their validity.

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- 8.3 In the absence of a finalized and Court sanctioned claims process, the Receiver will not be able to effectively assess the liabilities of the Company in a timely manner. As a result, the Receiver proposes to conduct a formal claims process, as authorized by the Court.
- 8.4 The Receiver proposes that the claims process as approved by the Court follow the similar process as outlined in the *Bankruptcy and Insolvency Act* ("BIA"). The proposed process is summarized in the following table:

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Task	Proposed Timeframe
<p>Notification of claimants:</p> <ul style="list-style-type: none"> • All known claimants (determined through a review of the Company's books and records and gathered through contact with Company stakeholders) shall be notified of the claims process using the proposed notice to creditors contained in Appendix D. • A notice will be published in one edition of the Vancouver Sun newspaper advising potential claimants of the claims process. • A description of the claims process and the required forms will be published on the PwC website for reference by potential claimants. 	<p>March 24, 2010</p> <p>March 24, 2010</p> <p>March 24, 2010</p>
<p>Provable Claims and the Claims Barred Date</p> <ul style="list-style-type: none"> • All claimants will be required to prove their claim using the form contained in Appendix E. The form must be accompanied by written evidence of the quantum of the claim and sufficient evidence of any security claimed. • Claims must be submitted to the Receiver either electronically, by hand delivery, or by mail no later than 5 pm May 5, 2010, the Claims Barred Date. • All claims submitted subsequent to the Claims Barred Date shall be deemed to waive their interest in any distribution of proceeds realized by the Receiver. 	<p>March 24, 2010 to May 5, 2010</p> <p>May 5, 2010 Claims Barred Date</p>
<p>Claims Review and Disallowance of Claims</p> <ul style="list-style-type: none"> • Upon receipt of the claims, the Receiver will review the claims to determine if it will recommend allowance or disallowance of the claims. • If the Receiver considers it appropriate to disallow a claim or security, it will notify the claimant in writing of the disallowance and the reasons therefore. Notification of a disallowance of claim shall be sent by the Receiver to the claimant by hand delivery. • Upon receipt of a notice of disallowance from the Receiver, the claimant may object to the disallowance by filing a notice of motion supported by affidavit evidence within 15 days of the date of the notice of disallowance. A Court review of the claim will result. 	<p>Estimated period:</p> <p>May 5, 2010 to May 19, 2010</p> <p>15-day objection period</p>

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- 8.5 The Receiver proposes to conduct the claims process beginning immediately. The goal of this timeline is to have most, if not all, of the claims issues resolved prior to the estimated date upon which the Receiver will have completed the sales process for the Albion Slopes properties. In this manner, the affected stakeholders will be known when the Receiver seeks the Court's approval of a sale of these properties.

9. SOLVENCY OF THE COMPANY

- 9.1 As noted earlier, the receivership application was brought by the shareholders on the basis that the Company was solvent when considering the value of assets compared to liabilities. The complication for the Receiver in preparing an assessment of the assets compared to the liabilities is the result of a wide range in the potential total liabilities of the Company, together with an unclear estimate of the value of the assets.
- 9.2 At this stage of the administration, the Receiver is not in a position to prepare a detailed statement of estimated realizations to determine which of the stakeholders are likely to be "in the money".
- 9.3 Based on the Receiver's review of the limited financial records, together with a preliminary assessment of the net proceeds to be derived from the asset sales, it is unclear that there will be sufficient funds available to satisfy all creditors.
- 9.4 The Receiver is satisfied that the outstanding amounts owing to CCS, the first mortgagee, is well covered and should be repaid in full from the sale of the Company assets. Thereafter, it depends on both the net proceeds from the asset sales and the final determination of the validity and amount of the other liabilities (particularly the other mortgages). In particular, the Receiver notes that if all liabilities set out in Section 6 of this report are valid, then it is highly unlikely that there will be sufficient funds to satisfy all creditors.
- 9.5 As noted earlier in this report, the time frame for completing the asset sales, particularly the largest asset (Albion Slopes), and the determination of the liabilities will take several months and accordingly, a determination by the Receiver of the solvency of the Company will not be available until both have been completed.

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10. SALE OF 10 LOTS IN SPENCER'S RIDGE

- 10.1 The Receiver was requested by Johal to take steps to preserve the interest of the Company with respect to 10 lots sold by the Company in early 2009. Johal alleges that these 10 lots were sold undervalue to the detriment of the Company. Many of these lots have subsequently had houses constructed on them.
- 10.2 Johal has advised the Receiver that these properties are now subject to sales agreements to other parties.
- 10.3 Johal requested that the Receiver register caveats against the properties to capture a portion of the sales proceeds of these future sales to ensure that funds were available for return to the Company in the event that it is determined the Company did not receive fair market value for the lots. Johal's concerns are also set out in the affidavit of Jagdip Johal sworn on December 21, 2009.
- 10.4 It appears that the transactions to which Johal has raised the concern were conducted with parties that may not be dealing with the Company at arm's length. Accordingly, the Receiver agreed to consider the matter on a preliminary basis.
- 10.5 The Receiver conducted a preliminary review of the sales transactions with respect to these 10 lots. The Receiver did not have all the Company's books and records, and accordingly, a comprehensive review was not possible.
- 10.6 A summary of the transactions based on the Receiver's review, is as follows:
- 10.6.1 Ten purchase and sale agreements were entered into between October 1, 2008 and January 6, 2009 for the sale of lots at prices ranging from \$130,000 to \$145,000, with completion dates of between March and April 2009.
- 10.6.2 All of the closing dates were extended to between May 6 and May 25, 2009.
- 10.6.3 Four of the ten lots closed at their original selling price (i.e. between \$130,000 and \$145,000) to the original purchaser.
- 10.6.4 Two of these four lots sold at their original selling price of between \$130,000 and \$145,000 were sold to Tejwant Kainth, the spouse of Gurmel Kainth who is one of the Company's

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shareholders. The remaining two lots were sold to a party unknown to the Receiver.

- 10.6.5 Six of the ten lots closed at prices between \$185,000 and \$199,000 with the purchaser taking an assignment of the original purchase agreement and the difference between the original price and the closing price being paid as an assignment fee.
- 10.6.6 Four of these six lots were purchased by Gurpreet Battu after she took an assignment of the original purchase agreement. The other two of the six lots were purchased by Gurpreet Battu and Prabhjot Battu. Mr. Johal has advised the Receiver that Gurpreet Battu is Gurmel Kainth's niece and Prabhjot Battu is Gurpreet Battu's spouse.
- 10.6.7 The assignment fees paid from the proceeds appear to have been paid to Satwant Gill. We are unaware of the relationship, if any, that Satwant Gill has with any of the shareholders.
- 10.6.8 Gurpreet Battu executed a bare trustee agreement wherein she states that she holds a 50% interest in the four lots she purchased herself as bare trustee for Gurdeep Kainth, son of Gurmel Kainth.
- 10.7 A summary of the preliminary findings surrounding the lot sales is attached in Appendix F.
- 10.8 The Receiver's review of these transactions was based on records provided by Jagdip Johal, which the Receiver understands were obtained from the Company's solicitor, Mr. Tim Lack. The Receiver has not attempted to otherwise verify or support the accuracy of this information.
- 10.9 The Receiver is not prepared to oblige the request to register caveats on the various properties for the following reasons:
 - 10.9.1 The records that the Receiver reviewed were not complete and the Receiver did not have sufficient evidence to determine whether the properties were sold undervalue or to related parties;
 - 10.9.2 The Receiver has not sought independent evidence regarding the value of the properties in the last quarter of 2008 to assess whether the purchase prices in the original sales agreements were undervalue;
 - 10.9.3 The Receiver is of the view that specific directions of the Court are required before further steps are taken.

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- 10.10 The Receiver notes that the transactions may warrant further review for the following reasons:
- 10.10.1 Certain properties were finally sold in May 2009 for prices equal to or in excess of \$185,000 to parties that may not deal with the shareholders at arm's length. If these prices reflect market value at that time then the closing of four lots at prices ranging from \$130,000 to \$145,000 may suggest these lots were sold for undervalue. These closings were made possible in May 2009 as the closing dated contained in the original sales agreements appear to have been extended. As the Company does not appear to have received any of the proceeds from the original sales agreement until the May 2009 closing, the retention of the lower sales prices seems contrary to the objective of maximizing returns to the Company.
- 10.10.2 The Receiver has attempted to, but has not been able to, trace the receipt of the deposits noted on the original sales agreements signed in late 2008 to the Company bank accounts nor has it been able to trace the proceeds from the closing in May 2009 to the Company bank accounts. This may be due to the limited documentation contained in the Company's financial accounting records.
- 10.10.3 Six of the properties that closed in May 2009 appear to have involved the payment of an assignment fee of approximately \$30,000 plus the re-imbursement of the \$25,000 deposit that the original purchaser was to have paid to the Company. As the Company did not receive the proceeds from the non-arm's length purchasers for the sale of the property until May 2009, it becomes unclear why the Company would have entered into the original sales contracts in the first place or why the Company would have extended the closing date if the original sales prices were set at a value that would support an assignment fee being paid. If the contracts were entered into to provide financing for the Company, the long delay for closing appears inconsistent with that objective.
- 10.11 As the Receiver is uncertain whether these monies are necessary to satisfy all the obligations of the Company at this time, the Receiver does not intend to consider any further action until it can determine whether the liabilities of the Company can be satisfied in full through the disposition of the Company's assets.

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- 10.12 In order to attempt to address Johal's concern about securing the proceeds from the sales of the properties, the Receiver discussed these transactions with Kainth and his counsel. The Receiver requested Kainth to arrange, on a voluntary basis, for a portion of the proceeds from any property sales by his relatives to be placed in trust until an investigation of the transactions could be completed. Kainth declined to make this arrangement.

11. COSTS OF ADMINISTRATION

- 11.1 The initial order of the Court limits the charge against the property of the Company that ranks in priority to all secured claims except CCS in respect receiver fees and its disbursements including costs incurred for legal counsel to \$100,000.
- 11.2 Based on its initial work and the planned activities discussed in this report, the Receiver has compiled an estimate of the total anticipated costs of administration for the receivership as outlined in the table below:

Nature of Cost	Amount
Receiver fees	\$300,000
Legal fees	\$80,000
Consulting fees	\$10,000
Contractor charges to complete Spencer's Ridge	\$200,000
Other	\$20,000
Total	\$610,000

- 11.3 A summary of the Receiver Fee estimate is outlined in the following table:

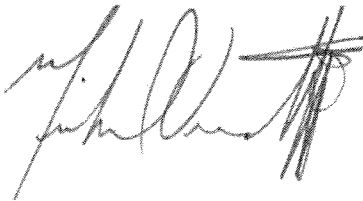
Description of work	Amount
General administration including: initial due diligence and development of sales approaches, updating financial records and preparation of tax returns, communication with stakeholders and court applications	\$150,000
Completion of work on Spencer's Ridge and sale of properties	\$35,000
Implementation & conclusion of sales approach for Albion Slopes	\$85,000
Conduct claims process	\$30,000
Total	\$300,000

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- 11.4 These fee estimates do not include any further costs to implement an investigation into the Sale of the ten Spencer's Ridge lots discussed in Section 10.
- 11.5 Based on the foregoing, the Receiver requests an increase to the administrative charge to \$610,000 to facilitate the completion of the administration as discussed.

This report is respectfully submitted this 9th day of March, 2010.

PricewaterhouseCoopers Inc.
Court Appointed Receiver Manager of
The Symphony Development Corporation

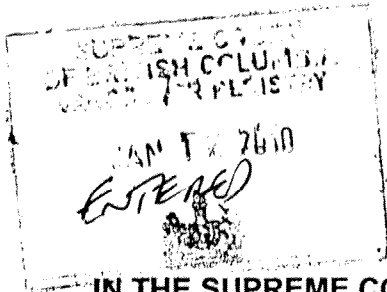


Michael J. Vermette
Senior Vice President

Neil P. Bunker
Vice President

APPENDIX A

**Receivership Order made
January 12, 2010**



No. H091522
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

COAST CAPITAL SAVINGS CREDIT UNION

Petitioner

THE SYMPHONY DEVELOPMENT CORPORATION, GURMEL SINGH KAINTH,
SHMINDER JOHAL, 497308 B.C. LTD., 0769932 B.C. LTD., EMCO CORPORATION,
PACIFIC UTILITY CONTRACTING LTD., UNLIMITED EXCAVATING &
LANDSCAPING LTD., JACK CEWE LTD., C&C TRUCKING (1988) LTD., OCEAN
CONSTRUCTION SUPPLIES LIMITED, NORA ROSALIE MARVIN, BASSI
BROTHERS FRAMING LTD., UNITED RENTALS OF CANADA INC., MCRAE'S
ENVIRONMENTAL SERVICES LTD., GRAESTONE READY MIX INC., VALLEY
GEOTECHNICAL ENGINEERING SERVICES LTD., D.K. BOWINS & ASSOCIATES
INC., VANCOUVER CITY SAVINGS CREDIT UNION

Respondents

ORDER

BEFORE THE HONOURABLE) TUESDAY, THE 12TH DAY
MR. JUSTICE WALKER) OF JANUARY 2010

THE APPLICATION of the Respondent MALKIT SINGH JOHAL ("Johal") and GURMEL SINGH KAINTH ("Kainth"), the sole directors of the Respondent the Symphony Development Corporation, for an Order pursuant to Section 39 of the *Law and Equity Act*, R.S.B.C. 1996 c. 253, as amended (the "LEA") appointing PricewaterhouseCoopers Inc. as Receiver and Manager (in such capacity, the "Receiver") without security, of all of the assets, undertakings and properties of the Respondent The Symphony Development Corporation (the "Debtor") coming on for hearing this day at the Courthouse, 800 Smithe Street, Vancouver, British Columbia.

AND ON READING the Amended Notice of Motion dated November 27, 2009 and Affidavit #1 of Malkit Singh Johal sworn November 23, 2009 and Affidavit #1 of Sherri Evans sworn November 27, 2009; AND ON HEARING Alan H. Brown, counsel for Johal, Kibben Jackson, counsel for Kainth, and no one appearing for the Petitioner and the other Respondents, although duly served, and on reading the consent of PricewaterhouseCoopers Inc. to act as the Receiver.

APPOINTMENT

1. THIS COURT ORDERS that pursuant to Section 39 of the LEA PricewaterhouseCoopers Inc. is hereby appointed Receiver and Manager, without security, of all of the Debtor's current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (the "Property") until June 18, 2010, at which time, subject to further order of this Court, the Receiver shall be discharged of its duties hereunder and any stay of proceedings arising pursuant to the terms of this Order shall be terminated.

RECEIVER'S POWERS

2. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:
 - (a) take possession and control of the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
 - (b) receive, preserve, protect and maintain control of the Property, or any part or parts thereof, including, but not limited to, changing of locks and security codes, relocating of Property to safeguard it, engaging of independent security personnel, the taking of physical inventories and placement of such insurance coverage as may be necessary or desirable;
 - (c) manage, operate and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;
 - (d) engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the powers and duties conferred by this Order;
 - (e) receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
 - (f) settle, extend or compromise any indebtedness owing to or by the Debtor;
 - (g) execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;

- (h) initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding, provided that nothing in this Order shall authorize the Receiver to defend or settle the action(s) in which this Order is made unless otherwise directed by this Court;
- (i) market any or all the Property, including engaging a realtor(s), advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (j) sell, convey, transfer, lease, assign or otherwise dispose of the Property or any part or parts thereof out of the ordinary course of business:
 - (i) without the approval of this Court in respect of any transaction not exceeding \$50,000, provided that the aggregate consideration for all such transactions does not exceed \$100,000; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amounts set out in the preceding clause,and in each such case notice under Section 59(10) of the *Personal Property Security Act*, R.S.B.C. 1996, c. 359 shall not be required;
- (k) apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (l) report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information with such Persons, subject to such terms as to confidentiality as the Receiver deems advisable;
- (m) register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (n) apply for any permits, licences, approvals or permissions and any renewals thereof as may be required by any governmental authority for and on behalf of and, if considered necessary or appropriate by the Receiver, in the name of the Debtor;

(o) enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limitation, the ability to enter into occupation agreements for any Property owned or leased by the Debtor; and

(p) take any steps reasonably incidental to the exercise of these powers,

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

3. THIS COURT ORDERS that (i) the Debtor, (ii) all of the Debtor's current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to such Property to the Receiver, and shall deliver all such Property (excluding Property subject to liens the validity of which is dependant on maintaining possession) to the Receiver upon the Receiver's request.
4. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 4 or in paragraph 5 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or documents prepared in contemplation of litigation or due to statutory provisions prohibiting such disclosure.
5. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by an independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information

contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including, without limitation, providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

6. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court, provided that the Petitioner is at liberty to apply in this proceeding for orders for conduct of sale and for sale of the Property following the expiry of the redemption period ordered by this Court on December 9, 2009.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

7. THIS COURT ORDERS that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court, provided, however, that nothing in this Order shall prevent any Person from commencing a Proceeding regarding a claim that might otherwise become barred by statute or an existing agreement if such Proceeding is not commenced before the expiration of the stay provided by this paragraph provided that the Petitioner is at liberty to apply in this proceeding for orders for conduct of sale and for sale of the Property following the expiry of the redemption period ordered by this Court on December 9, 2009.
8. Notwithstanding paragraphs 6 and 7 of this Order, Malkit Singh Johal shall be at liberty to proceed with British Columbia Supreme Court Action No. S-099401, Vancouver Registry as against Kainth, and Kainth shall be at liberty to proceed with any counterclaim against Johal in such action, and such proceedings shall not be considered proceedings against or in respect of the Debtor or the Property. The Receiver shall provide to Johal and/or Gainth, as applicable, copies of all requested documentation relating to Symphony's affairs, including but not limited to its financial affairs, as soon as reasonably possible upon receipt of a written demand for such documentation from Johal and/or Kainth.

NO EXERCISE OF RIGHTS OF REMEDIES

9. THIS COURT ORDERS that all rights and remedies (including, without limitation, set-off rights) against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that: (a) nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien; and (b) the Petitioner is at liberty to apply in this proceeding for orders for conduct of sale and for sale of the Property following the expiry of the redemption period ordered by this Court on December 9, 2009.

NO INTERFERENCE WITH THE RECEIVER

10. THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court. Nothing in this Order shall prohibit any party to an "eligible financial contract" (as defined in Section 65.1 of the BIA) with the Debtor from terminating such contract or exercising any rights of set-off, in accordance with its terms.

CONTINUATION OF SERVICES

11. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services of any kind to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

12. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever including, without limitation, the sale or disposition of all or any of the Property and the collection of any

accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post-Receivership Accounts") and the monies standing to the credit of Post-Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further order of this Court.

EMPLOYEES

13. THIS COURT ORDERS that, subject to the right of employees to terminate their employment notwithstanding paragraph 10, all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall be liable for any employee-related liabilities, including wages, severance pay, termination pay, vacation pay, and pension or benefit amounts relating to any employees that the Receiver may hire.
14. THIS COURT ORDERS that pursuant to Section 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5 or Section 18(1)(o) of the *Personal Information Protection Act*, S.B.C. 2003, c. 63, the Receiver may disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales or dispositions of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete the Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

15. THIS COURT ORDERS that nothing in this Order shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release, or deposit of a substance contrary to any federal, provincial or other law relating to the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, 1999, S.C. 1999, c. 33, the *Fisheries Act*, R.S.C. 1985, c. F-14, the *Environmental Management Act*,

R.S.B.C. 1996, c. 118 and the *Fish Protection Act*, S.B.C. 1997, c. 21 and regulations thereunder (collectively "Environmental Legislation"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be construed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless the Receiver is actually in Possession.

LIMITATION ON THE RECEIVER'S LIABILITY

16. THIS COURT ORDER that the Receiver shall incur no personal liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Receiver by Section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

17. THIS COURT ORDERS that any expenditure or liability which shall properly be made or incurred by the Receiver, including the fees of the Receiver and the fees and disbursements of its legal counsel, incurred at the standard rates and charges of the Receiver and its counsel, shall be allowed to it in passing its accounts and shall form a charge on the Property, which charge shall, to the extent of \$100,000, or such greater amount as may be ordered by this Court or agreed to in writing among the Receiver, Johal, Kainth, Pacific Utility Contracting Ltd. and Bassi Brothers Framing Ltd. (collectively, the "Attending Parties"), rank in priority to all mortgages, security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person except those in favour of the Petitioner, and, to the extent of any amount in excess of \$100,000, rank immediately behind all mortgages, security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, and in all cases ahead of any and all unsecured claims against Symphony (the "Receiver's Charge").
18. THIS COURT ORDERS that the Receiver and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Supreme Court of British Columbia and may be heard on a summary basis.
19. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

20. THIS COURT ORDERS that, provided the Receiver has first obtained the written consent of the Attending Parties and the Petitioner, the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount of such borrowing does not exceed \$100,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as the Receiver deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all mortgages, security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person except those in favour of the Petitioner, but subordinate in priority to the Receiver's Charge.
21. THIS COURT ORDERS that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.
22. THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.
23. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

ALLOCATION

24. THIS COURT ORDERS that any interested party may apply to this Court on notice to any other party likely to be affected, for an order allocating the Receiver's Charge and Receiver's Borrowings Charge amongst the various assets comprising the Property.

GENERAL

25. THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
26. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

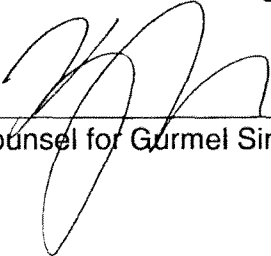
27. THIS COURT REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction, wherever located, to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order.
28. THIS COURT ORDERS that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal or regulatory or administrative body, wherever located, for recognition of this Order and for assistance in carrying out the terms of this Order and all such courts, tribunals and regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.
29. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than two (2) clear business days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

BY THE COURT

DISTRICT REGISTRAR

APPROVED BY:


Counsel for Malkit Singh Johal


Counsel for Gurmeh Singh Kainth

SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT

\$ _____

1. THIS IS TO CERTIFY that [RECEIVER'S NAME], the [Interim Receiver and/or Receiver and Manager] (the "Receiver") of all of the assets, undertakings and properties of [DEBTOR'S NAME] appointed by Order of the Supreme Court of British Columbia and/or the Supreme Court of British Columbia (In Bankruptcy and Insolvency) (the "Court") dated the _____ day of _____, 200____ (the "Order") made in SCBC Action No. _____ and/or SCBC Action No. _____/Estate No. _____ has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$_____, being part of the total principal sum of \$_____ which the Receiver is authorized to borrow under and pursuant to the Order.
2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily/monthly] not in advance on the _____ day of each month after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank _____ from time to time.
3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property (as defined in the Order), in priority to the security interests of any other person except those of the Petitioner, Coast Capital Savings Credit Union, but subject to the priority of the charges set out in the Order, and the right of the Receiver to indemnify itself out of the Property in respect of its remuneration and expenses.
4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at _____, British Columbia.
5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.
6. The charge securing this certificate shall operate to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum under this Certificate in respect of which it may issue certificates under the terms of the Order.

DATED the [REDACTED] day of [REDACTED], 200[REDACTED].

[RECEIVER'S NAME], solely in its capacity as Receiver of the Property (as defined in the Order), and not in its personal capacity

Per:
Name:
Title:

APPENDIX B

Summary of Realtor Proposals for Sale of Albion Slopes

The Symphony Development Corporation
Summary of realtor proposals for sale of Albion Slopes

	Colliers	Cushman
Firm Characteristics	<ul style="list-style-type: none"> • Largest commercial real estate services provider in Canada and one of the largest in the world • 1,400 professionals in Canada in 18 offices 	<ul style="list-style-type: none"> • World largest privately held real estate services firm • 15 offices in Canada and local affiliates
Sales team	<ul style="list-style-type: none"> • Two senior brokers with 25 and 17 years experience respectively and junior broker with 7 years experience. • The team has extensive experience in the sales of residential development lands and selling parcels through an insolvency or court directed process. 	<ul style="list-style-type: none"> • Two senior brokers with 18 and 20 years experience respectively and a junior broker with 6 years experience. • The team has experience in the sales of residential development lands and selling parcels through an insolvency or court directed process.
Sales approach	<ul style="list-style-type: none"> • Pre-marketing due diligence • Approaching top 20 developers/prospects • Second tier of buyers approached • Negotiate conditional and then unconditional offer • Recommended against individual lot sales of for phase I (41 lots) 	<ul style="list-style-type: none"> • Pre-marketing due diligence • Approaching top 20 developers/prospects • Second tier of buyers approached • Negotiate conditional and then unconditional offer
Advertising	<ul style="list-style-type: none"> • Signage • Print advertising in Metro Vancouver newspapers/brochures • Colliers website listing & loopnet listing (Commercial real estate web marketplace) • Direct mail to 600 purchaser groups 	<ul style="list-style-type: none"> • Signage • Print advertising in Metro Vancouver newspapers/brochures • Cushman website listing • Direct mail to dedicated list of developers
Sales time line	<ul style="list-style-type: none"> • Three to 4.5 months 	<ul style="list-style-type: none"> • Three to seven months
Commission structure	<p>Option #1:</p> <ul style="list-style-type: none"> • Colliers markets without Receiver involvement • 3% flat commission rate • Commission includes participating broker fee • Commission includes all out of pocket sales process costs <p>Option #2:</p> <ul style="list-style-type: none"> • Colliers undertakes process using shared and combined efforts with the Receiver • Scaled commission starting at 1.75% for gross proceeds less than \$20 million, 2% for gross proceeds less than \$21 million, and 2.25% for gross proceeds of \$21 million or more • Colliers is the exclusive agent 	<ul style="list-style-type: none"> • 2.25% flat commission rate • Commission includes participating broker fee • Commission includes all out of pocket sales process costs

APPENDIX C

Analysis of Albion Slopes Selling Costs

**The Symphony Land Development Corporation
Analysis of Albion Slopes Selling Costs**

Appendix C

Proposal - Cushman & Wakefield

Proforma Selling Price		19,000,000	20,000,001	21,000,000	24,000,000
Realtor Commission including participating agent	2.25%	427,500	450,000	472,500	540,000
Estimated PwC fees		45,000	45,000	45,000	45,000
Total Cost		<u>\$ 472,500</u>	<u>\$ 495,000</u>	<u>\$ 517,500</u>	<u>\$ 585,000</u>
Effective commission rate		2.5%	2.5%	2.5%	2.4%

Proposal - Colliers International (Option #1 - Colliers alone)

Proforma Selling Price		19,000,000	20,000,001	21,000,000	24,000,000
Realtor Commission including participating agent	3.00%	570,000	600,000	630,000	720,000
Estimated PwC fees		45,000	45,000	45,000	45,000
Total Cost		<u>\$ 615,000</u>	<u>\$ 645,000</u>	<u>\$ 675,000</u>	<u>\$ 765,000</u>
Effective commission rate		3.2%	3.2%	3.2%	3.2%

Proposal - Colliers International (Option #2 - combined with Receiver)

Proforma Selling Prices		19,000,000	20,000,001	21,000,000	24,000,000
Colliers Commission	1.75%	332,500			
	2.00%		400,000		
	2.25%			472,500	540,000
Estimated PwC fees		85,000	85,000	85,000	85,000
Total cost		<u>\$ 417,500</u>	<u>\$ 485,000</u>	<u>\$ 557,500</u>	<u>\$ 625,000</u>
Effective commission rate		2.2%	2.4%	2.7%	2.6%

NOTE: this option does not allow for a participating agent fee. Option #1 provides for a participating fee.

APPENDIX D

Proposed Notice to Creditors

PricewaterhouseCoopers Inc.
PricewaterhouseCoopers Place
250 Howe Street, Suite 700
Vancouver, British Columbia
Canada V6C 3S7
Telephone (604) 806 7000
Facsimile (604) 806 7806

March ____, 2010

To: Creditors of The Symphony Development Corporation

On January 12, 2010, PricewaterhouseCoopers Inc. was appointed the Receiver and Manager (the "Receiver") of The Symphony Development Corporation ("Symphony") pursuant to a Court Order issued by the Supreme Court of British Columbia. On March ____, 2010, the Court approved a process to be followed by the Receiver to determine the nature and quantum of the claims against Symphony to facilitate a future distribution of monies realized from Symphony's assets. As part of that process, each person with a claim against Symphony must prove their claim to the Receiver.

NOTICE IS HEREBY GIVEN that all persons with claims against Symphony must prove their claim to the Receiver. Proof of the claim must be made using the attached Proof of Claim Form and sufficient evidence of the claim as described on the form must be provided. The address and other contact information submitted on the Proof of Claim Form will be used by the Receiver to send future correspondence including distributions of funds.

The Proof of Claim Form must be completed, and returned to the Receiver by May 5, 2010 to participate in a distribution of funds from the assets of Symphony. **Claims received after May 5, 2010 will not be entitled to receive monies from the Receiver.**

The amount and timing of the future distribution of monies to Symphony creditors is unknown at this time due to the fact that monies will only be available after the Receiver has completed the sale of Symphony's assets.

Please direct any questions on you may have regarding submission of a claim to Brad Ristivojevic, at (604) 806-7050 ext 4929.

PricewaterhouseCoopers Inc.
Receiver and Manager of The Symphony Development Corporation

Neil Bunker, CA, CIRP
Vice President

Encl.

APPENDIX E

Proposed Proof of Claim Form

PROOF OF CLAIM

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

(Street, City, Province/State, Country, & Postal/Zip Code)

Business/Home/Cell phone _____ Fax: _____

IN THE MATTER OF THE RECEIVERSHIP OF THE SYMPHONY DEVELOPMENT CORPORATION

and the claim of _____, creditor

I, _____ of _____ do hereby certify:
(Name of creditor or representative of creditor) (City & Province/State)

1. That I am a creditor of the above named debtors ☐, or I am the (state position or title) _____ of the creditor ☐
2. That I have knowledge of all the circumstances connected with the claim referred to below.
3. That the debtors were, at the date of the receivership, namely the **12TH of January, 2010**, were and still are indebted to the creditor in the sum of \$ _____, as specified in the statement of account (or affidavit) attached and marked as Schedule "A", after deducting any counterclaims to which the debtor is entitled. Claims must be submitted in CDN dollars only. For ease of reference, the US exchange rate as at the date of filing is **1.1278**.

4. Check and complete appropriate category:

A ☐ **Unsecured claim** of \$ _____
That in respect of this debt, I do not hold any assets of the debtor as securityC ☐ **Secured claim** of \$ _____
That in respect of this debt, I hold assets of the debtor valued at \$ _____ as security, particulars of which are as attached.

5. That, to the best of my knowledge, ☐ I am related **OR** ☐ I am not related to the debtor within the meaning of Section 4 of the Bankruptcy and Insolvency Act ("Act" or "BIA"), and ☐ have **OR** ☐ have not dealt with the debtor in a non-arm's length manner.
6. That the following are the payments I have received from, and/or the credits that I have allowed to, and the transfers at undervalue within the meaning of subsection 2(1) of the Act that I have been privy to or a party to with the debtor, within the three months (or, if the creditor and debtor are related within the meaning of section 4 of the Act or were not dealing with each other at arm's length, within the 12 months) immediately before the date of the receivership:

(list on separate paper if necessary)Dated at _____, this _____ day of _____, 20_____
(City/Town, etc.) (Day) (Month)_____
(Signature of witness)_____
(Creditor)**Notes:** If an affidavit is attached, it must have been made before a person qualified to take an affidavit.

INSTRUCTIONS FOR COMPLETION OF PROOF OF CLAIM

Every creditor who does not prove his claim is not entitled to share in any distribution. Claims not completed correctly in every respect will be returned. In completing the Proof of Claim, your attention is directed to the following requirements:

Proof of Claim:

1. Individuals who are the creditor should tick the appropriate box. If you are acting for a corporation or another person, you must state the capacity in which you are acting, such as, "Credit Manager", "Counsel", "Authorized Agent", etc.
2. The person signing the form must have knowledge of the circumstances connected with the claim.
3. The creditor must submit the total amount owing by the debtor, in CDN funds. Further, a Statement of Account containing details and support of the claim **must** be attached and marked "A".
4. The nature of your claim must be indicated by ticking the type of claim which applies.

ALL TYPES OF CLAIMS MUST BE SUPPORTED WITH DOCUMENTATION SHOWING HOW YOU ARRIVED AT YOUR TOTAL CLAIM.

5. The BIA defines persons related to a debtor. If the creditor is related by blood or marriage to the debtor, the creditor should consider him/herself to be a related person. If the debtor is a corporation, a creditor would be related if he/she was a shareholder or if he/she was controlled by the same shareholders as the debtor.
6. The person signing the form must provide full details of any and all payments and/or credits received from or allowed to the debtor during the period indicated. A blank answer will indicate there were no such payments or credits.

PLEASE FORWARD ALL DOCUMENTS TO:

PricewaterhouseCoopers Inc.
Receiver and Manager of The Symphony Development Corporation
Attention: Brad Ristivojevic
700 - 250 Howe Street
Vancouver
BC V6C 3S7

Phone: (604) 806-7050 ext. 4929

Fax: (604) 806-7806 (Please include a cover page directed to the person's name above)

APPENDIX F

Summary of Preliminary Findings – Sale of Spencer's Ridge Lots

Preliminary findings regarding the sale of 10 Spencer's Ridge lots

Property information		Purchase Contract details ²						Assignment agreement details ³						Details from the documents related to completed sales ⁴						Bare trust agreements ⁵						
Property number	PID	Date	Contract signed	Completion date	Purchaser	Deposit	Original sale price	Assignment agreement date	Reference date of purchase contract	Assignor	Assignee	Agreement signed	Assignment fee	Days between original purchase and assignment	Date	Sold to	Total selling price	Assignment fee ⁶	Deposit paid to SDC per the statement of adjustments	Estimated net proceeds to SDC ⁷	Date	Signed				
2	027-423-867	Not provided						1-Mar-2009	1-Oct-2008	Satwant Gill	Gurpreet Battu	Assignor only	55,000	150	8-May-2009	Gurpreet Battu and Prabhjot Battu	185,000	55,000	25,000	105,000	-	-				
7	027-423-913	1-Oct-2008	yes	20-Mar-2009	Satwant Gill	25,000	130,000	1-Mar-2009	1-Oct-2008	Satwant Gill	Prabhjot Battu and Gurpreet Battu	Assignor only	55,000	150	25-May-2009	Prabhjot Battu and Gurpreet Battu	185,000	55,000	25,000	105,000	-	-				
8	027-423-921	Not provided						18-Apr-2009	6-Jan-2009	Satwant Gill	Gurpreet Battu	Yes	55,000	102	6-May-2009	Gurpreet Battu	185,000		55,000	130,000	15-May-2009	Yes				
9	027-423-930	Not provided						18-Apr-2009	6-Jan-2009	Satwant Gill	Gurpreet Battu	Yes	55,000	102	15-May-2009	Gurpreet Battu	185,000		55,000	130,000	15-May-2009	Yes				
11	027-423-956	15-Dec-2008	yes	27-Apr-2009	Tejwant Kaithi	25,000	130,000	No assignment agreement provided							6-May-2009	Tejwant Kaithi	130,000		25,000	105,000	-	-				
13	027-423-972	5-Oct-2008	yes	31-Mar-2009	Pritam Aulakh	50,000	145,000	No assignment agreement provided							6-May-2009	Pritam Aulakh	145,000		50,000	95,000	-	-				
14	027-423-981	5-Oct-2008	yes	31-Mar-2009	Pritam Aulakh	50,000	145,000	No assignment agreement provided							6-May-2009	Pritam Aulakh	145,000		50,000	95,000	-	-				
15	027-423-999	15-Dec-2008	yes	27-Apr-2009	Tejwant Kaithi	50,000	145,000	No assignment agreement provided							6-May-2009	Tejwant Kaithi	145,000		50,000	95,000	-	-				
31	027-424154	Not provided						Agreement is not dated	6-Jan-2009	Satwant Gill	Gurpreet Battu	Yes	44,000		6-May-2009	Gurpreet Battu	199,000		44,000	155,000	15-May-2009	Gurpreet Battu only				
32	027-424-162	Not provided						Agreement is not dated	6-Jan-2009	Satwant Gill	Gurpreet Battu	Yes	44,000		6-May-2009	Gurpreet Battu	199,000		44,000	155,000	15-May-2009	Gurpreet Battu only				
Total							200,000	695,000						308,000							1,703,000	110,000	423,000	1,170,000		

Notes:

1 Our preliminary review of these transactions was based on copies of records provided by Jag Johal which we understand were obtained from the Company's solicitor, Mr. Tim Lack.
2 The Purchase Contracts were based on the standard Real Estate Board of Greater Vancouver "contract of purchase and sale" agreement templates, which were filled out by hand.
3 The assignment agreement, assigns all of the owner's right, title, interest, benefit, and claim, both legal and equitable, of the assignor in the original Purchase Contract to the assignee for a fee.
4 The documents analyzed include the Land and Title Act Form A, the purchasers and vendors statement of adjustments, various correspondence from Mr. Lack, and various correspondence relating to the any purchaser mortgages.
5 Gurpreet Battu sold a 1/2 undivided interest in lots 8, 9, 31, 32 to Gurdeep Kaithi for \$1 and under the agreement she is holding Mr. Kaithi's 1/2 interest in trust.
6 We noted for lots 8, 9, 31, 32 that there were assignment fees to be paid as indicated in the assignment agreement; however, the purchaser's statement of adjustments only indicates a "deposit paid by Purchaser to Vendor". There is no indication of the payment of an assignment fee; however, the final purchase price appears to have been increased by the assignment fee.