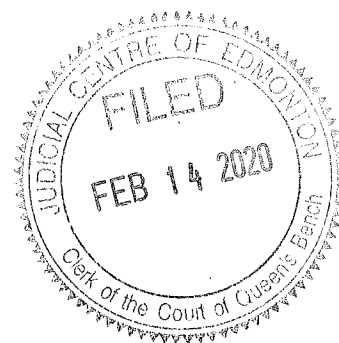


COURT FILE NUMBER 1603-02314
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE EDMONTON



PLAINTIFF THREE M MORTGAGES INC. AND AVATEX LAND CORPORATION
DEFENDANTS TODD OEMING, TODD OEMING AS THE PERSONAL REPRESENTATIVE OF THE ESTATE OF ALBERT OEMING AND THE ESTATE OF ALBERT OEMING
DOCUMENT SECOND REPORT TO THE COURT OF BDO CANADA LIMITED IN ITS CAPACITY AS RECEIVER OF WILD SPLENDOR DEVELOPMENT INC.

DATED FEBRUARY 13, 2020

RECEIVER

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List of Exhibits

1. Statement of Receipts and Disbursements for the period June 4, 2019 to February 13, 2020

Introduction

1. On June 4, 2019, the Court of Queen's Bench of Alberta (the "Court") granted an Order (the "Order") appointing BDO Canada Limited as Receiver/Liquidator ("BDO" or the "Receiver") in respect of Wild Splendor Development Inc. ("WSD" or the "Company").
2. The purpose of this report (the "Second Report") is to provide this Honourable Court with:
 - (a) A summary of the Receiver activities since its last report;
 - (b) A Statement of Receipts and Disbursements for the period June 4, 2019, to February 13, 2020; and
 - (c) An update regarding the proposed sale of the WSD Lands (as defined below).
3. The Receiver is seeking a Court Order approving the following matters:
 - (a) The Receiver's activities to date; and
 - (b) The sale of the WSD Lands and the sealing of certain confidential information relating to this proposed sale.

Limitation of Report

4. The information contained in the Receiver's Second Report has been obtained from the records of the Company, publicly available information, and/or based upon discussions with and representations made by the Company's management and other professional advisors retained in this matter. The information relied upon by the Receiver was not audited nor otherwise verified by the Receiver as to its accuracy or completeness, nor has any financial information referenced necessarily been prepared in accordance with generally accepted accounting principles, and the reader is cautioned that this report may not disclose all significant matters about the Company. Accordingly, we do not express an opinion or any other form of assurance on the information presented herein. The Receiver may refine or alter its observations as further information is obtained or is brought to its attention after the date of this Second Report.

5. The Receiver assumes no responsibility or liability for any loss or damage occasioned by any party because of circulation, publication, reproduction, or use of the Receiver's Second Report. Any use that any party makes of this Second Report or reliance on or decisions to be made based on its responsibility of such party.
6. A copy of the Receiver's Second Report and other relevant documents in the receivership proceedings are available on the Receiver's website at:
<http://www.extranets.bdo.ca/WildSplendorDevelopmentInc>

Background

7. WSD was incorporated in 2007 under the laws of Alberta. The Company was engaged in the business of developing land to sell as bare land condos for commercial/recreational development.
8. The director of WSD is Mr. Todd Oeming, and the shareholders of WSD are Mr. Todd Oeming and Mr. Todd Oeming, the personal representative of the estate of Mr. Albert F Oeming (the "Oeming Estate").
9. Three M Mortgages Inc. and Avatex Land Corporation (collectively, the "Lenders") loaned money to Al Oeming Investments Ltd. ("Investments").
10. In October 2009, Mr. Albert Oeming and Mr. Todd Oeming guaranteed Investments' indebtedness to the Lenders (collectively, the "Guarantees").
11. In February 2012, the WSD Lands were transferred from Investments to WSD by way of a tax plan known as a 'Section 85 Rollover', for the purpose of minimizing the personal income tax exposure Mr. Albert F. Oeming.
12. The WSD Lands are the sole assets of WSD.
13. Mr. Albert Oeming passed away on March 17, 2014.
14. On December 13, 2018, judgment was obtained against Mr. Todd Oeming and the Oeming Estate in relation to the Guarantees, for the amount of \$941,826.
15. On June 04, 2019, this Court granted the Order.

16. For the purposes of repaying the creditors of WSD, the Order directs the Receiver to take steps to assess the value of the WSD Lands in contemplation of them being liquidated, and to also assess the tax consequences of WSD redeeming the shares held in WSD by Mr. Todd Oeming and the Oeming Estate.
17. As set out in the Receiver's First Report, the Receiver conducted an analysis in relation to selling the WSD Lands versus the Receiver redeeming the shares held in the Company, and the Receiver determined that the sale of the WSD Lands would provide the greatest returns to the stakeholders in these proceedings.
18. As a result of the Receiver's recommendations, on October 10, 2019, this Court granted an Order Approving Sales Process in relation to the WSD Lands (the "Sales Process Order").

Receiver's Activities since the First Report

19. The activities of the Receiver since the filing of the First Report have included the following:
 - (a) The Receiver continues to have discussions with Mr. Todd Oeming regarding potential financing and the status of potential bylaw changes to the WSD Land that would allow the Company to sell the WSD Lands as bare land condos;
 - (b) One of the tenants on the WSD Lands, the Sherwood Park Archery Club, has been in contact with the Receiver regarding the condition of the bathroom in the building they occupy upon the WSD Lands. Based on images provide by this tenant, the Receiver is in the process of obtaining quotes to determine the cost of repairing the bathroom, which is an obligation of the Company under the terms of its lease with this tenant;
 - (c) The Receiver paid down the property taxes owing in relation to the WSD Lands by \$2,550, in November 2019;
 - (d) The Receiver continues to receive rental income from the four (4) known tenants currently occupying the WSD Lands. One of these payments was

made directly to Mr. Todd Oeming and is considered by the Receiver to be part of the wages the Receiver is paying him to manage the property subject to these proceedings;

- (e) The Receiver listed the WSD Lands for sale with Avison Young (“Avison”) pursuant to the Sales Process Order; and
- (f) The Receiver uploaded documents to the following website for public viewing: <http://www.extranets.bdo.ca/WildSplendorDevelopmentInc>.

Receiver’s Statement of Receipts and Disbursements

20. Attached as Exhibit 1 is a copy of the Receiver’s Statement of Receipts and Disbursements for the Company. As of February 13, 2020, the Receiver holds approximately \$5,900 in its account. This amounts excludes the deposit for the purchase of the WSD Lands.

Property

21. The Company owns a property located at 51419 Range Road 223, Strathcona County (the “WSD Lands”): The property is legally described as:
- (a) Plan 1220280, Block 1, Lot 3 - approximately 164.90 acres;
 - (b) Plan 1220280, Block 1, Lot 2 - approximately 41.97 acres; and
 - (c) Plan 1220280 Block 1, Lot 1 - approximately 28.52 acres.
22. The Receiver commissioned an appraisal of the WSD Lands, a copy of which is contained at Exhibit 1 of the Receiver’s Confidential Supplement to the Receiver’s First Report dated September 30, 2019.
23. The WSD Lands currently have four known tenants on the property, as follows:
- (a) Sherwood Park Archery Club - this tenant has a written lease agreement with the Company and the Receiver is in possession of a copy of it. The lease agreement expires in September 2020;

- (b) Grey Lion Construction Corp. - based on discussions with Mr. Todd Oeming, there is no formal lease agreement;
- (c) Mad Cat Rentals Ltd. - based on discussions with Mr. Todd Oeming, there is no formal lease agreement; and
- (d) Chipps Tree Care Inc. - based on discussions with Mr. Todd Oeming, there is no formal lease agreement.

(collectively, the "Leases")

24. Through the course of these proceedings the Receiver identified approximately 1,500 truck loads of untested marginal material (dirt) that was brought onto the WSD Lands prior to the Receiver's appointment. The Receiver is informed that the County of Strathcona has not issued a permit in relation to this marginal material, and Mr. Todd Oeming has confirmed with the Receiver that no permits were obtained by the Company.
25. With respect to Avison's marketing efforts to date, Avison advised the following:
- (a) Avison directly contacted 407 individual prospective buyers and brokers with respect to the WSD Lands;
 - (b) Avison was contacted by telephone by 15 interested parties;
 - (c) Avison toured the WSD Lands with three interested parties;
 - (d) Avison placed 'for sale' signage upon the WSD Lands with exposure to Highway 14; and
 - (e) The WSD Lands were listed for sale on Avison's website.
26. On February 7, 2020 the Receiver received an unconditional offer to purchase the WSD Lands from Shelby Fehr (the "Offeror"). The Receiver accepted and executed the offer to purchase of the Offeror (the "Offer").
27. If the untested marginal material is contaminated, there is a potential environmental liability to clean up the site.

28. The Offer contains the following key terms and conditions:

- (a) The purchase price;
- (b) The assets - the WSD Lands;
- (c) Deposit - an initial deposit to be paid by the Offeror (which has been paid)
- (d) The Offeror's only condition precedent is approval by this Court;
- (e) The Offeror is purchasing the WSD Lands on an as is/where is basis and subject to the rights of the lessees under the Leases;
- (f) Closing Date - 20 business days after approval by this Court; and
- (g) Balance of purchase price paid on closing.

29. In addition to the reasons set out in the Confidential Supplement to this Second Report, the Receiver supports the sale of the WSD Lands to the Offeror for the following reasons (amongst others):

- (a) The sale process was lengthy, thorough, fair and transparent to all potential purchasers;
- (b) The purchase price in the Offer is fair and reasonable;
- (c) The Receiver received only one other offer to purchase the WSD Lands, shortly before accepting the Offer, which the Receiver rejected. The rejected offer was on the same terms and conditions, but at a significantly lower purchase price. A copy of the rejected offer is contained in the Confidential Supplement to this Second Report;
- (d) The Receiver is of the opinion that further marketing of the WSD Lands will not result in a better offer being received for the WSD Lands; and
- (e) Closing the Purchaser's offer will eliminate go-forward holding costs such as property taxes.

Creditor Claims

Secured Claims

30. The only known secured creditor of WSD is 1757652 Alberta Ltd. (“175 Ltd.”), which holds a mortgage registered against Parcel 2 in the amount of \$210,883. The Receiver is still attempting to determine how much is owing to 175 Ltd.

Other Priority Creditors

31. The Company owes outstanding property taxes in relation to the WSD Lands of approximately \$2,000.

Canada Revenue Agency

32. The Receiver has received the assessments for the period 2014 to 2019. Based on these assessments WSD has no outstanding corporate income tax.
33. The Receiver has received the assessments for GST for the period 2015 to 2019. Based on these assessments there is approximately \$5,679 outstanding.

Unsecured Claims

34. There are no known changes to the unsecured claims of the Company as stated in the Receiver’s First Report, which total approximately \$2,655,000.

Other Matters

35. On January 24, 2020, Mr. Todd Oeming left a voice message for the Receiver. In the message Mr. Todd Oeming indicated that by the end of day, January 24, 2020, he would have a binding letter of intent for financing such that these proceedings would no longer be required. In the words of Mr. Todd Oeming, the financing was going to be subject to AFSC approval on secondary chattel wrap mortgages on assets owned by a party unrelated to these proceedings. As of the date of this report the Receiver has not received a copy of this letter of intent for financing.

Recommendations

36. The Receiver is seeking the following from this Honourable Court:

- (a) An Order approving the Receiver's activities and conduct as outlined in the Second Report;
- (b) An Order approving the sale of the WSD Lands;
- (c) An Order temporarily sealing this Confidential Supplement to the Receiver's Second Report pending closing of the transaction subject to the Offer; and
- (d) Any further direction the Court wishes to provide to the Receiver.

Intended Course of Action

37. If the Receiver's recommendations are approved, the Receiver's intended course of actions are:

- (a) Close the sale of the WSD Lands;
- (b) To distribute the funds to the creditors; and
- (c) To complete the administration of this Receivership, leading to an application for discharge.

Dated at Edmonton, Alberta this 13 day of February 2020.

BDO CANADA LIMITED, solely in its
Capacity as Court Appointed Receiver Of
Wild Splendor Development Inc. and
not in its Personal Capacity

Per: _____



David Lewis, CPA, CIRP, LIT
Vice-President

EXHIBIT "1"

**To the Receiver's Second Report to Court
Dated February 13, 2020**

BDO Canada Limited
Statement of Receipts and Disbursements For
Wild Splendor Development Inc.
For the period of June 4, 2019 to February 13, 2020

Receipts

Rental Income	\$ 22,214
GST collected	1,111
GST Refund	468
Utilities Refund	1,002
Insurance Refund	97
Interest Income	19
Other/ trust funds	25
	<hr/>
	24,936

Disbursements

Wages	7,873
Insurance	3,226
Utilities	2,822
Real property taxes	2,551
Legal fees/disbursements	1,976
Repairs	287
GST paid on disbursements	101
GST on legal fees	99
Filing fees paid to the Official Receiver	70
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	19,004

Fund on hand	<hr/> <hr/> \$ 5,931
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