



Court File No. VLC-S-S-249020

VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *LAW AND EQUITY ACT*,

R.S.B.C. 1996, C. 253, AS AMENDED

AND IN THE MATTER OF THE PROCEEDINGS OF

SVC-MOUNTAINSIDE ULC AND SHELL OWNERS ASSOCIATION – PACIFIC

Petitioners

ADMINISTRATOR'S FIRST REPORT

BDO CANADA LIMITED

MAY 1, 2025

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I. INTRODUCTION

1. This report dated May 1, 2025 (the “**First Report**”) is filed by BDO Canada Limited (“**BDO**”) as court-appointed administrator (in such capacity, the “**Administrator**”) of SVC-Mountainside ULC (“**ULC**”) and Shell Owners Association – Pacific (“**SOAP**” and together with ULC, the “**Petitioners**”) pursuant to an appointment order granted by the Supreme Court of British Columbia (the “**Court**”) on January 25, 2025 (the “**Appointment Order**”).
2. ULC is an unlimited liability corporation incorporated under the laws of the Province of Nova Scotia on December 23, 2004, and is registered extra-provincially in British Columbia under the laws of the Province of British Columbia (“**BC**”). ULC is an indirect subsidiary of Travel + Leisure Co. (“**T+L**”), a publicly traded corporation listed on the New York Stock Exchange with a diverse global portfolio of resort, membership and lifestyle travel brands.
3. SOAP is a non-stock corporation incorporated under the laws of the State of Delaware on December 22, 2004, and is registered extra-provincially under the laws of BC. SOAP is related to ULC. As a non-stock corporation, SOAP is controlled by the SOAP Members, through its board of directors.
4. On January 25, 2025, this Court issued a sale and investment solicitation process approval order (the “**SISP Approval Order**”), among other things:
 - a) Approving the proposed sale and investment solicitation process in respect of the Petitioners’ property (the “**SISP**”), including the procedures, milestones and timelines set out therein;
 - b) Authorizing and directing the Administrator and the Petitioners to immediately carry out the SISP in accordance with its terms;
 - c) Approving the listing agreement dated January 24, 2025 (the “**Listing Agreement**”) entered into by the Administrator and Avison Young Commercial Real Estate Services, LP (the “**Listing Agent**”) in respect of the Listing Agent’s engagement in relation to the SISP;
 - d) Authorizing the Petitioners, as vendors, to enter into an asset purchase agreement dated December 16, 2024 (the “**Stalking Horse Agreement**”) with Executive Mountainside Holdings Ltd., as purchaser (the “**Stalking Horse Bidder**”); and
 - e) Approving the Stalking Horse Agreement solely for the purpose of being the Stalking Horse Bid (as defined in the SISP) and providing that the approval of the transaction

contemplated by the Stalking Horse Agreement (the “**Sale Transaction**”) shall be considered by the Court on a subsequent application should the Stalking Horse Agreement be the Successful Bid (as defined in the SISP).

II. DISCLAIMER & TERMS OF REFERENCE

5. In preparing this First Report, the Administrator has relied upon the books and records of the Petitioners and their affiliates’ books and records, unaudited and draft financial information available, certain financial information obtained from third parties, third party reports and discussions with various individuals (collectively, the “**Information**”). The Administrator has reviewed the Information for reasonableness, internal consistency, and use in the context in which it was provided, and in consideration of the nature of the evidence provided to this Court, in relation to the relief sought herein. The Administrator has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards pursuant to the Chartered Professional Accountants of Canada Handbook and, as such, the Administrator expresses no opinion or other form of assurance in respect of the Information. An examination of the Petitioners’ financial forecasts in accordance with the Chartered Professional Accountants of Canada Handbook has not been performed. Future-oriented financial information reported on or relied upon in this First Report is based upon assumptions regarding future events; actual results achieved may vary from forecast and such variations may be material.
6. This First Report has been prepared for the use of the Court to provide general information and background relating to the proceedings detailed herein. This First Report should not be relied upon for any other purposes. BDO will not assume any responsibility or liability for losses incurred as a result of the circulation, publication, reproduction, reliance on or use of this Report contrary to the provisions of this paragraph.
7. Capitalized terms used herein and not defined in this First Report shall have the meaning ascribed to them in the Administrator’s pre-filing report dated January 22, 2025 (the “**Pre-Filing Report**”) unless otherwise noted.
8. This First Report should be read in conjunction with second affidavit of Mr. Anthony Cimo sworn on April 24, 2025 (the “**Second Cimo Affidavit**”) in support of the Petitioners’ application for the Approval and Vesting Order and the A&R Appointment Order (each as defined herein).

9. Unless otherwise noted, all monetary amounts contained in this First Report are expressed in Canadian dollars.
10. All materials filed with the Court with respect to these proceedings are accessible on the Administrator's case website at: <https://www.bdo.ca/services/financial-advisory-services/business-restructuring-turnaround-services/current-engagements/mountainsidelodge>

III. PURPOSE OF REPORT

11. The purpose of this First Report is to:

- a) Provide the Court with certain information pertaining to these proceedings, including:
- (i) Activities of the Administrator leading up to and since the date of its appointment under the Appointment Order;
 - (ii) Administration and results of the SISP;
 - (iii) Details on the Sale Transaction; and
 - (iv) Transitioning these proceedings from a debtor-in-possession proceeding into a receivership proceeding; and
- b) Provide the Administrator's recommendation that the Court make the following orders sought by the Petitioners:
- (i) An approval and vesting order (the "**Approval and Vesting Order**"), among other things:
 - 1. Approving the Stalking Horse Agreement and authorizing the Receiver (as defined herein) to take all necessary actions and steps, including the execution of all other ancillary documents and agreements required to close the Sale Transaction;
 - 2. Vesting the Petitioners' right, title and interest in and to the Purchased Assets in the Stalking Horse Bidder, free and clear of all encumbrances, except for the permitted encumbrances, easements and restrictive covenants described in Schedule "F" of the Approval and Vesting Order, upon the Receiver filing a certificate that the Sale Transaction has closed in accordance with the Stalking Horse Agreement;
 - 3. Authorizing and directing the Receiver to pay any outstanding and future professional fees and disbursements owing to BDO, Fasken Martineau DuMoulin

- LLP ("**Fasken**"), Thornton Grout Finnigan LLP and Farris LLP (collectively, the "**Professionals**") from the net proceeds from the Sale Transaction; and
4. Authorizing and directing the Receiver to pay, from the net proceeds from the Sale Transaction, the Listing Agent its commissions pursuant to the Listing Agreement upon closing the Sale Transaction;
- (ii) An amended and restated appointment order (the "**A&R Appointment Order**") amending and restating the terms of the Appointment Order:
1. To immediately appoint BDO as receiver (in such capacity, the "**Receiver**") over the Purchased Assets (as defined in the Stalking Horse Agreement) and, on May 27, 2025, appoint BDO over all other assets, undertakings and properties of the Petitioners;
 2. Authorizing the Receiver to execute the Stalking Horse Agreement and the Transaction Documents (as defined in the Stalking Horse Agreement);
 3. Limiting BDO's liability, as Receiver, in relation to the execution or completion of the Stalking Horse Agreement or the Transaction Documents; and
 4. Discharging BDO as the Administrator, effective on the Delayed Appointment Date (as defined herein).
- (iii) An ancillary order (the "**Ancillary Order**") approving:
1. The proposed employee retention bonus plan ("**ERP**") to certain employees of the Petitioners; and
 2. The reimbursement of 2025 maintenance fees, excluding interest and penalties, to SOAP Members and MLMA Members (each as defined herein) who paid 2025 maintenance fees but are unable to use their Intervals (as defined herein) after the Resort Closure Date (as defined herein) due to the closing of the Sale Transaction.
- c) Recommend that the Court make the order sought by the Administrator approving:
- (i) the activities of BDO, both prior to its appointment and in its capacity as Administrator, as set out in the Administrator's Pre-Filing Report and this First Report; and
 - (ii) the Fees and disbursements of: (a) BDO in respect of its engagement by the Petitioners prior to the commencement of these proceedings; (b) BDO in its capacity as

Administrator; and (iii) the Administrator's legal counsel, Fasken, as summarized herein.

IV. BACKGROUND

12. The Petitioners operate and manage a resort comprised of a vacation lease business line and a timeshare business line (collectively, the "**Business**") through partial ownership of a building that is located at 4417 Sundial Place, Whistler, British Columbia ("**4417 Sundial**"). 4417 Sundial consists of one four-story building and is governed by the *Strata Property Act*.
13. Pursuant to the *Strata Property Act*, 4417 Sundial is divided into 93 strata lots (the "**Strata Lots**"), the registered owners of which are as follows:
 - a) SOAP is the registered owner in fee simple of 56 Strata Lots (the "**Petitioner Strata Lots**"), which are utilized as a vacation lease and timeshare resort (the "**Shell Mountainside Lodge**");
 - b) 0906175 B.C. Ltd. o/a Executive Hotels ("**Executive Hotels**") is the registered owner of 34 Strata Lots utilized as a hotel operating under the name "Executive Inn at Mountain Side";
 - c) The Owners Strata Plan VR 1026 (the "**Strata Corporation**"), an entity created by legislation and controlled by the strata owners, is the registered owner of two Strata Lots. One of the Strata Lots is used by the Shell Mountainside Lodge as a front desk and one of the Strata Lots is a hallway that leads to an outdoor pool and other common amenities; and
 - d) The Administrator understands that a company related to Executive Hotels is now the registered owner of one Strata Lot that, historically, was used by an on-site restaurant, although no restaurant is currently operating within the Strata Lot.
14. Although SOAP is the registered owner on title to the 56 Petitioner Strata Lots that comprise the Shell Mountainside Lodge, the Administrator understands that ULC is the beneficial owner of 36 of the Petitioner Strata Lots and SOAP is the beneficial owner of the remaining 20 Petitioner Strata Lots.
15. ULC transferred fractions of the Petitioner Strata Lots to SOAP, or to a master trust for the benefit of SOAP, pursuant to several annexation agreements (the "**Annexation Agreements**"). The effect of this is that the beneficial interests in the fractional Petitioner Strata Lots were transferred to SOAP and they are available to the Timeshare Plan (as defined herein). In exchange, ULC received Timeshare Points that ULC markets and sells to individuals interested in joining the

Timeshare Plan. ULC has the sole authority to market and sell Timeshare Points in the Shell Mountainside Lodge.

16. Pursuant to the *Strata Property Act*, SOAP, as the registered owner, holds an ownership in fee simple interest in the 56 Petitioner Strata Lots and is also a member of the Strata Corporation.

Shell Mountainside Lodge Overview

17. A detailed overview of the Shell Mountainside Lodge and the Business is provided in the Pre-Filing Report, and is only summarized at a high level in this First Report.
18. Shell Mountainside Lodge operates as a resort consisting of an administrative office, a front desk and 42 units comprised of 9 studio units, 19 studio loft units, 13 one-bedroom units and one two-bedroom unit (each a “**Guest Room**”). 4417 Sundial also includes several amenities such as a heated outdoor pool, hot tub, fitness facility and underground parking for guests.
19. The Business is comprised of a timeshare business (the “**Timeshare Business**”) and a vacation lease business (the “**Vacation Lease Business**”). Each of the Timeshare Business and Vacation Lease Business were described in greater detail in the Pre-Filing Report.
20. The property manager of Shell Mountainside Lodge is Carriage Hills Hospitality Inc. (the “**Property Manager**”). The Property Manager is owned indirectly by the Petitioners’ ultimate parent.
21. SOAP operates the Timeshare Business, which consists of a vacation plan (the “**Timeshare Plan**”) wherein individuals may acquire a certain number of points (“**Timeshare Points**”) each year in exchange for certain annual fees. Individuals participate in the Timeshare Plan pursuant to a purchase agreement with SOAP (the “**Timeshare Purchase Agreement**”), at which time they become a member of SOAP (each a “**SOAP Member**”, and collectively, the “**SOAP Members**”). There are approximately 433 SOAP Members that may be classified as premier or founding members pursuant to the terms of their respective Timeshare Purchase Agreements. The Administrator understands that SOAP Members may have entered into more than one Timeshare Purchase Agreement.
22. ULC operates the Vacation Lease Business, which consists of approximately 1,300 vacation leases (the “**Vacation Leases**”) granted by ULC, as lessor, to MLMA Members (as defined herein), as lessees. The number of Vacation Leases may change from time to time due to

expirations or terminations due to default. The remaining duration of the Vacation Leases, on average, is approximately 23 years, with the average lease expiring in or around September 2046.

23. Mountainside Lodge Members Association (“**MLMA**”) is an unincorporated association that represents individuals with Vacation Leases (each an “**MLMA Member**”, and collectively, the “**MLMA Members**”). Pursuant to the Vacation Leases, the lessees automatically become MLMA Members. There are approximately 1,229 MLMA Members, however, the number of MLMA Members may change from time to time due to Vacation Lease expirations or terminations due to default.
24. Each Guest Room at Shell Mountainside Lodge is divided into weekly right of use entitlements (together the “**Intervals**”, and each an “**Interval**”). Each Interval permits the right to use a Guest Room for a period of one-week on a fixed or floating time basis.
25. Individuals have a right to use an Interval pursuant to the various agreements that form the Business, including the Timeshare Purchase Agreements, Vacation Leases, or the SOAP and ULC respective beneficial ownership interests.
26. Intervals are subject to the interests of certain stakeholder groupings as follows:
 - a) SOAP pursuant to the relevant Annexation Agreements (the “**SOAP Intervals**”);
 - b) ULC pursuant to its retained interests which are not subject to a Vacation Lease (the “**ULC Intervals**”); and
 - c) MLMA Members pursuant and limited to leasehold interests under the Vacation Leases (as defined below) (the “**MLMA Intervals**”).
27. Summarized in the table below are the Intervals categorized by stakeholder grouping and right of use type:

Stakeholder Group	Every Year	Even Year	Odd Year	Total
MLMA Intervals	934	219	189	1,342
SOAP Intervals	708	88	87	883
ULC Intervals	247	30	61	338
Total	1,889	337	337	2,563

28. As discussed in greater detail below, the Stalking Horse Agreement does not contemplate the assumption of any liabilities associated with the Vacation Lease Business or the Timeshare

Business. As such, the Sale Transaction is structured to convey the Petitioners' right, title and interest, if any, in and to the Purchased Assets in the Stalking Horse Bidder, free and clear of all encumbrances, except for the permitted encumbrances, easements or restrictive covenants specifically enumerated in the Approval and Vesting Order.

29. The proposed Receiver intends to return to Court to seek approval of a claims process which will allow affected stakeholders to assert claims against the proceeds of sale from the closing of the Sale Transaction, if approved by the Court.

Cash Management

30. As reported in the Pre-Filing Report, the cash management system of the Petitioners, MLMA and the Property Manager are highly integrated with T+L. Although the numerous agreements related to the operations of the Business set out the contractual terms related to the exchange of services and payments, in practice, cash flows are intertwined through numerous entities and bank accounts.

31. Payments of ULC's obligations are funded through and paid by related parties within T+L, with corresponding journal entries recorded to document the transactions, with each party recording a related party receivable or payable in their respective accounting. As a result of the cash management system in place, ULC reports no cash on hand.

32. Receipts from the Vacation Leases are deposited into two operating bank accounts, one domiciled in Canadian dollars and the other domiciled in US dollars, both maintained with the Bank of Nova Scotia, and which appear to be in the name of ULC (together, the "**Scotia Accounts**"). Notwithstanding the fact that the Scotia Accounts appear to be in ULC's name, they are contained in the financial reporting of MLMA and not contained in the financial statements of ULC. As at March 31, 2025, the Scotia Accounts reported cash balances of \$3,037,713 and US\$13,408.

33. There is also a reserve bank account maintained at the Royal Bank of Canada in the name of MLMA (the "**RBC Account**" and together with the Scotia Accounts, the "**Bank Accounts**"). The RBC Account is an investment account that holds contingency reserve funds in accordance with the Vacation Leases and *Strata Property Act* to cover future capital expenditures related to the Petitioner Strata Lots. As at March 31, 2025, the RBC Account reported a cash balance of \$541,857.

34. There is also a bank account established for payroll processing which is held at the Bank of Nova Scotia in the name of ULC (the “**Payroll Account**”), however, this account is not included in the financial reporting of ULC, and it is unclear to the Administrator which entity includes this account in its financial reporting. As at March 31, 2025, the Payroll Account reported a cash balance of \$47,342.30.
35. With regards to the Timeshare Business, receipts are deposited into two bank accounts maintained with the Bank of Nova Scotia in the name of SOAP, one of which is domiciled in Canadian dollars and the other in US dollars. As such, receipts from SOAP Members with respect to Timeshare Purchase Agreements are deposited into these SOAP bank accounts. SOAP does not maintain a reserve account for future capital expenditures, but rather a portion of its 2025 maintenance fee payments for the SOAP Intervals paid into the Scotia Accounts ought to be allocated into the RBC Account as reserves.
36. The Bank Accounts are presented in the financial reporting of MLMA and not contained in the financial statements of ULC. Despite this accounting presentation, the balances in the Bank Accounts appear to be the property of ULC, as:
- a) MLMA is an unincorporated association that represents individuals with Vacation Leases and does not otherwise have an underlying interest in the Shell Mountainside Lodge or the Petitioner Strata Lots;
 - b) MLMA does not own the underlying property used to generate the maintenance fee income and holds no obligation to pay the operating expenses of the Shell Mountainside Lodge;
 - c) Funds in the Bank Accounts are designated to pay the ordinary operating expenses of the Shell Mountainside Lodge;
 - d) The underlying instrument which creates the obligation for annual maintenance fees in the Vacation Lease Business are the Vacation Leases, which are between ULC, as lessor, and each individual MLMA Member, as lessee; and
 - e) The Vacation Leases specify that payments are to be made to ULC, as lessor.
37. The cash management system of the Petitioners, MLMA and the Property Manager are highly integrated with T+L. As a result of the interconnected arrangements, the actual business practice

that relates to intercompany cash flows, and the intertwined nature of the numerous entity bank accounts, in the Administrator's view it is necessary that the proposed Receiver be empowered to assume control over the Bank Accounts as part its of its expanded mandate, as detailed further herein. The funds in the Bank Accounts will form part of the pool of assets to be distributed to creditors in accordance with the claims process that the proposed Receiver intends to administer.

V. ACTIVITIES OF BDO

Prior to appointment as Administrator

38. Prior to the commencement of these proceedings and its appointment as Administrator, BDO supported the Petitioners and performed, among others, the following activities:

- a) Consulted on the terms, content and timelines in relation to the Petitioner's originating pleadings filed herein, including the:
 - (i) SISP;
 - (ii) Stalking Horse Agreement;
 - (iii) Restructuring Support Agreement with Executive;
 - (iv) DIP Term Sheet dated December 16, 2024;
 - (v) Appointment Order;
 - (vi) SISP Approval Order;
 - (vii) Approval and Vesting Order; and
 - (viii) Cimo Affidavit sworn December 23, 2024 (the "**First Cimo Affidavit**").
- b) Assisted the Petitioners with the preparation of monthly cash flow projections;
- c) Engaged Fasken as independent legal counsel;
- d) Consulted with the Petitioners, counsel to the Petitioners and Fasken on numerous matters related to and leading up to the commencement of these proceedings;
- e) Corresponded with the Petitioners concerning the impact to SOAP Members and MLMA Members following the completion of a transaction pursuant to the SISP;
- f) Estimated potential director and officer liability obligations to assist in quantifying the quantum of the Director's Charge;

- g) Obtained and assessed listing proposals from prospective commercial real estate brokerages specializing in the marketing and sale of hospitality assets in the Whistler market;
- h) Negotiated and prepared the terms and conditions to the Listing Agreement;
- i) Consulted with and supported the Petitioners with the preparation of stakeholder communications, including but not limited to the frequently asked questions dated January 29, 2025, a copy of which is attached hereto as **Appendix "A"**;
- j) Coordinated and compiled, together with the Petitioners and the Listing Agent, certain materials required for the confidential data room and marketing materials in relation to the SISP;
- k) Created the Administrator's case website and email addresses to be used for communications with SOAP Members and MLMA Members;
- l) Consulted with the Petitioners and their advisors regarding numerous matters related to and leading up to the commencement of these proceedings; and
- m) Drafted the Pre-Filing Report.

Upon appointment as Administrator

39. Upon BDO's appointment as Administrator it performed, among others, the following activities:

- a) Engaged the Listing Agent pursuant to the Listing Agreement;
- b) Together with the Listing Agent, marketed the business and assets of the Petitioners in accordance with the terms and milestones of the SISP, including: (i) supporting the maintenance of a confidential data room; (ii) arranging to publish notice of the SISP in the *Insolvency Insider* and the national edition of the *Globe and Mail*; and (iii) addressing inquiries from parties interested in participating in the SISP and acquiring the Petitioner Strata Lots;
- c) Reviewed and approved the marketing materials prepared by the Listing Agent, including the teaser and confidential information memorandum;
- d) Regularly corresponded with and reviewed marketing progress updates provided by the Listing Agent;
- e) Reviewed the proposed rental pool agreement prepared by the Stalking Horse Bidder and various correspondence in relation to same;

- f) Coordinated the commissioning of a phase I environmental report with respect to the Petitioner Strata Lots;
- g) Consulted with the Petitioner on the terms of the ERP;
- h) Consulted with the Petitioners on activities and matters related to the Business operations, closing of the Sale Transaction, including cessation of operations, termination of employees, termination of service contracts, the termination of the Timeshare Purchase Agreements and the Vacation Leases, and transitioning these proceedings as contemplated in the A&R Appointment Order;
- i) Cross referenced the Petitioners' records against third party database listings to compile master Interval listings for the purpose of, among other things, identifying SOAP Members and MLMA Members to be included in future communications and preparatory steps in developing a claims process(es) to the benefit of all stakeholders;
- j) In consultation with Fasken and the Petitioners' counsel, investigated potential methodologies for quantifying potential claims of SOAP Members and MLMA Members;
- k) Monitored the financial activity of the Petitioners and the Business, including: (i) cash flow activity; (ii) delinquent SOAP Member and MLMA Member accounts; and (iii) potential reimbursements of 2025 maintenance fees for SOAP Members and MLMA Members;
- l) Responded to inquiries from the union representing the Petitioners' employees, Unifor Local 3000 (the "**Union**"), regarding the nature of the Sale Transaction and the impact on unionized employees;
- m) Attended to inquiries from SOAP Members and MLMA Members pertaining to the restructuring proceeding, potential claims, SISP updates and updating contact information;
- n) Maintained and regularly updated the service list and the Administrator's case website;
- o) Consulted with the Petitioners and its advisors regarding numerous matters related to these proceedings including the transition of these proceedings as contemplated in the A&R Appointment Order;
- p) Consulted on the terms, content and timelines included in the materials supporting the relief sought at the May 8, 2025 hearing, including:
 - (i) A&R Appointment Order;
 - (ii) Approval and Vesting Order;

- (iii) Ancillary Order; and
- (iv) The Second Cimo Affidavit.
- q) Commenced the coordination of insurance for the Receiver; and
- r) Drafted this First Report.

VI. SALE AND INVESTMENT SOLICITATION PROCESS

Marketing Efforts

- 40. Capitalized terms used in this section and not otherwise defined have the meanings ascribed to them in the SISP.
- 41. The Petitioners, together with the Administrator, developed a comprehensive SISP to market the Petitioner Strata Lots and the Business in a manner designed to solicit the best possible offer for the assets.
- 42. The SISP was conducted by the Administrator in consultation with the Petitioners. Pursuant to the Appointment Order, and as approved by the SISP Approval Order, the Administrator engaged the Listing Agent pursuant to the Listing Agreement.
- 43. The SISP was structured to consist of two phases to be conducted over 91 days. In the first phase, any interested party that met the preliminary participant requirements were to be provided with access to the Confidential Data Room to have the opportunity to prepare and submit a Phase I Bid by the Phase I Bid Deadline. Phase I Bids were non-binding. Qualified Phase I Bidders were to be invited to participate in the second phase in order to prepare and submit a Phase II Bid by the Phase II Bid Deadline. Phase II Bids were to be unconditional and binding offers. If one or more Qualified Phase II Bids were considered to be a Superior Offer, each Qualified Phase II Bidder presenting a Superior Offer was to proceed to an auction with the Stalking Horse Bidder to identify the Successful Bid.
- 44. The Listing Agent's marketing efforts were consistent with the terms of the SISP, which included, among other things:
 - a) Commencing the marketing campaign on January 27, 2025 through sending an electronic blast teaser, to 2,362 parties predominantly based in Canada;

- b) On January 29, 2025, sent an electronic teaser to 23,400 parties. Approximately 75% were US based, 14% were European based, 7% were Asian based and 4% were based in other international jurisdictions;
 - c) In coordination with the Administrator, publishing an advertisement in the *Insolvency Insider* which ran for four consecutive weeks commencing February 3, 2025;
 - d) Publishing an advertisement in the national edition of *The Globe and Mail* on February 8, 2025; and
 - e) Posting the opportunity on the Avison website and social media accounts.
45. Avison actively marketed the opportunity, being the Business and Petitioner Strata Lots, for approximately eight weeks up to the Phase I Bid Deadline. During that timeframe, 61 parties signed a NDA and Acknowledgment of the SISP, were provided access to the Confidential Data Room maintained by the Listing Agent and a copy of the confidential information memorandum.
46. Avison's marketing efforts were further supported by the opportunity being picked up and broadcasted by twelve media outlets, including CTV, Global News, Daily Hive, Hotelier Magazine, Stay Magazine and several platforms which were presented in Chinese and French language.
47. Additionally, the Listing Agent maintained a confidential data room, which included numerous documents related to the opportunity and to support interested parties due diligence, including a draft rental pool agreement proposed by the Stalking Horse Bidder.
48. Although there was strong market interest in the opportunity, due to several factors, including the restrictive nature of the municipal bylaws/zoning regulations, tariff and economic uncertainty, by the Phase I Bid Deadline, no Phase I Bids were received. As such, the Administrator declared the Stalking Horse Bidder the Successful Bidder and the Stalking Horse Agreement the Successful Bid under the SISP.

Stalking Horse Agreement

49. All capitalized terms not expressly defined in this section are defined in the Stalking Horse Agreement.
50. On December 16, 2024, the Petitioners entered into the Stalking Horse Agreement with the Stalking Horse Bidder. The key terms of the Stalking Horse Agreement are summarized below:
- a) The Stalking Horse Bidder will purchase the Petitioners' interest in and to the Petitioner Strata Lots and all of the chattels, fixtures, furniture, equipment accessories, supplies,

and other tangible personal property contained therein that are used in connection with the Business, save and except the specific assets excluded under the Stalking Horse Agreement (the “**Purchased Assets**”);

- b) The aggregate purchase price for the Purchased Assets is: (i) cash in the amount of \$12 million; and (ii) the assumption of the Assumed Liabilities (defined herein);
- c) Liabilities assumed by the Stalking Horse Bidder (the “**Assumed Liabilities**”) include:
 - (i) all Liabilities related to the Purchased Assets arising after the Closing Date;
 - (ii) all Environmental Liabilities relating to the Purchased Assets before or after the Closing Date;
 - (iii) all Taxes with respect to the Purchased Assets for the period from and after the Closing Date; and
 - (iv) all Transfer Taxes;
- d) The Purchased Assets are to be purchased on an “as is, where is” basis;
- e) Upon execution of the Stalking Horse Agreement, the Stalking Horse Bidder shall pay to the Administrator a cash deposit equal to \$1.2 million, which represents 10% of the total cash consideration (“**Deposit**”);
- f) The Petitioners shall, to the extent practicable in the circumstances and subject to these proceedings, continue to operate the Business in the ordinary course and use commercially reasonable efforts to maintain the Business; and
- g) The sale transaction contemplated by the Stalking Horse Agreement shall close no later than ten business days following the date on which the Approval and Vesting Order is granted, or such other date as may be agreed to by the parties. The Administrator understands that the closing date is anticipated to be May 30, 2025.

51. On or about December 24, 2025, the Stalking Horse Bidder delivered the Deposit to the Administrator, who holds the Deposit in trust, such that the sole remaining condition to closing the Transaction is the granting of the Approval and Vesting Order.

52. The Stalking Horse Agreement does not contemplate the assumption of any liabilities except for the Assumed Liabilities (as defined in the Stalking Horse Agreement). As such, none of the Vacation Leases, the Timeshare Purchase Agreements or employment agreements will be assumed by the Stalking Horse Bidder.

53. Having regard to the appraised value of the Petitioner Strata Lots pursuant to an appraisal obtained by SOAP in August 2023 (the “**Appraisal**”), and the estimated value of the Petitioner Strata Lots included in the real estate listing proposals received from three commercial realty brokerages experienced in selling hospitality assets (the “**Valuation Estimates**”), the Proposed Administrator is of the view that the consideration contemplated by the Stalking Horse Agreement is fair and reasonable.
54. The Parties are working towards a Closing Date of May 30, 2025, and are confident that the Sale Transaction is capable of closing on that date.
55. The Administrator recommends that the Purchased Assets be vested in the Stalking Horse Bidder for the following reasons:
- a) The only remaining condition to completion of the Stalking Horse Agreement is the granting of the Approval and Vesting Order;
 - b) The Administrator is of the view that the Listing Agent thoroughly canvassed the market and the Purchased Assets were exposed to the market for a sufficient period of time;
 - c) The Stalking Horse Agreement represents the highest, best and only offer received in the SISP, a robust marketing and sale process approved by this Court;
 - d) There is no indication that any further marketing would yield a better or higher offer than the Sale Transaction;
 - e) The sale proceeds generated are greater than the Appraisal; and
 - f) The Sale Transaction will maximize value for the Petitioners’ stakeholders.

Listing Agent Commissions

56. The Listing Agreement included the following commission structure, which incentivized the Listing Agent to obtain the highest sale value for stakeholders:
- a) 0.85% of the cash consideration of the sale, plus applicable sales tax, if the Stalking Horse Bidder is successful; or
 - b) 1.35% of the cash consideration of the sale, plus applicable sales tax, if a party other than the Stalking Horse Bidder is successful.
57. As the Stalking Horse Bidder was declared the Successful Bidder at the Phase I Bid Deadline, the Listing Agent is entitled to a commission of 0.85% of the cash consideration of the sale, plus

applicable sales taxes. The Administrator seeks approval to pay the Listing Agent a commission of \$102,000, plus applicable sales taxes, pursuant to the terms of the Listing Agreement.

VII. VESTING OFF LEASES AND PPSA NOTICES FROM TITLE AND TERMINATION OF AGREEMENTS

58. The Stalking Horse Agreement does not contemplate the assumption of any liabilities associated with the Vacation Lease Business or the Timeshare Business. As such, the Sale Transaction is structured to convey the Petitioners' right, title and interest in and to the Purchased Assets to the Stalking Horse Bidder, free and clear of all encumbrances, except for the permitted encumbrances, easements or restrictive covenants specifically enumerated in Schedule "F" of the Approval and Vesting Order.
59. The sole remaining condition precedent to closing the Sale Transaction is the granting of the Approval and Vesting Order, which the Stalking Horse Bidders requires to vest off all charges on title to the Purchased Assets and obtain the assets free and clear of all encumbrances.
60. Without the benefit of the Approval and Vesting Order, the Stalking Horse Bidder is not willing to close the Transaction and the Petitioners will be left in the untenable situation that necessitated the commencement of these proceedings.
61. The Administrator's review of current land title searches of the respective Petitioner Strata Lots show long-term leasehold arrangements dating back to the 1980s. The original leases were registered in favour of a group of corporate entities which each held undivided interests in the leases, which were eventually assigned to SOAP along with the head lease.
62. Subsequently, subleases were registered in favour of a trustee and agent, now the Computershare Trust Company of Canada ("**Computershare**"). Computershare holds 54 subleases, in trust, for certain MLMA Members with Vacation Leases. Given the Stalking Horse Bidder does not wish to assume ULC's liabilities with respect to the Vacation Leases and requires free and clear title in and to the Petitioner Strata Lots, the Approval and Vesting Order vests all subleases from title. Computershare was provided with a copy of the Petitioners' motion record, as was a representative of the MLMA advisory committee. The Administrator has participated in discussions with both Computershare and the MLMA advisory committee and, as of the date of this First Report, neither has indicated an intention to oppose the relief sought on this Motion.

63. In addition to the leasehold and sublease interests, there are three BC *Personal Property Security Act* (the “**PPSA**”) notices registered on title, each in favour of Hamsor Holding Corporation. These notices purport to secure present and after-acquired personal property located on or used in connection with the lands. The registrations reference a large number of strata lots within Strata Plan VR 1026 and are described as “infinite registrations.”
64. Searches of the Petitioners in the BC Personal Property Registry (the “**PPR**”) dated May 4, 2023, show that all three PPR registrations have been discharged. However, the corresponding registrations remain on title and have not been removed. Accordingly, although there is no longer any active PPR registration against the Petitioners, the presence of the notices on title creates confusion and uncertainty.
65. The Administrator and proposed Receiver supports that the Computershare subleases and the PPSA registrations should be vested-off title as contemplated in the draft Approval and Vesting Order. This will permit the Stalking Horse Bidder to acquire the Petitioner Strata Lots free and clear of any existing encumbrances, giving effect to the restructuring plan commenced by the Petitioners in January.
66. The Administrator further understands that the Timeshare Purchase Agreements represent a license to occupy and are contractual obligations. It is anticipated that the Purchaser will acquire the Purchased Assets free and clear of the Timeshare Purchase Agreements, which will also be vested out pursuant to the Approval and Vesting Order.
67. For the purposes of determining the nature and priority of creditor claims, the net proceeds from the Sale Transaction shall stand in place and stead of the Purchased Assets.
68. Additionally, the Shell Mountainside Lodge has contracts and agreements with trade vendors to support ongoing and ordinary course operations. Vendor services include, among other things, telecommunication, laundry services, security and alarm services and IT services. The Administrator understands that the Petitioners have provided notice of termination of certain vendor agreements related to the Business pursuant to the termination provisions of those agreements. It is anticipated the Petitioners will continue to terminate vendor agreements, in consultation with the Administrator or Receiver, as the case may be, with respect to the Shell Mountainside Lodge pursuant to the provisions of such agreements up to the Resort Closure Date.

69. The proposed Receiver intends to terminate any vendor agreements which remain active as at the Delayed Appointment Date.

VIII. AMENDED AND RESTATED APPOINTMENT ORDER

70. As described in the Second Cimo Affidavit, the Petitioners seek the A&R Appointment Order to effectively transition these proceedings from debtor-in-possession proceedings to a more conventional receivership, expanding the powers of the Administrator to reflect those of a receiver under the BC Model Receivership Order (the “**Model Order**”).

71. In particular, BDO shall be immediately appointed Receiver over the Purchased Assets (as defined in the Stalking Horse Agreement), to facilitate closing the Transaction with the Stalking Horse Bidder on the Closing Date.

72. The Petitioner shall maintain possession and control of all other property, excluding the Purchased Assets, allowing them to continue operating the Business in the ordinary course up to and including May 26, 2025 (the “**Resort Closure Date**”), including the ability to manage the Bank Accounts and continue to pay wages, taxes, and other ordinary course expenses associated with the Business and the property.

73. On May 27, 2025 (the “**Delayed Appointment Date**”), after the Resort Closure Date, the Receiver will be appointed over all other assets, including the Bank Accounts, undertakings and property of the Petitioners (the “**Property**”).

74. The A&R Appointment Order is bifurcated in this fashion to enable and authorize the Receiver to close the Sale Transaction with the Stalking Horse Bidder, while maintaining continuity of the Business leading up to the Resort Closure Date, ensuring administrative efficiency and minimizing the professional fees associated with the Receiver managing the Business up to the Resort Closure Date.

75. In addition to the standard powers provided for in the Model Order, the A&R Appointment Order authorizes and empowers the Receiver to, among other things, execute the Stalking Horse Purchase Agreement and close the Sale Transaction, design and commence a claims process and assume control of the Bank Accounts.

76. BDO, in its capacity as Administrator, and in consultation with Fasken and the Petitioners’ counsel, has taken preparatory steps in developing a claims process, or claims processes, as

the case may be, to identify and quantify all creditor claims against the Petitioners or the Property. After closing the Sale Transaction, the Receiver intends to return to Court to seek approval of a claims process to address all claims from stakeholders, including those from MLMA Members, SOAP Members, employees, trade vendors and any related party claims.

77. As noted in Part IV above, the cash management system of the Petitioners, MLMA and the Property Manager are highly integrated with T+L and, given the interconnected arrangements and in practice cash flows are intertwined through numerous entity bank accounts, the Administrator is of the view that the Receiver should be empowered to assume control over the Bank Accounts as part its of its expanded mandate under the A&R Appointment Order. The funds in the Bank Accounts will form part of the pool of assets to be distributed to creditors upon completion of the claims process.

78. On the Delayed Appointment Date, the Administrator will have completed its duties pursuant to the Appointment Order or subsequent orders of the Court. Accordingly, the Administrator is of the view that it is appropriate to seek an order of the Court discharging and releasing BDO as the Administrator effective as of the Delayed Appointment Date.

79. BDO's consent to act as Receiver is attached hereto as **Appendix "B"**.

IX. EMPLOYEES

80. The employees at the Shell Mountainside Lodge are critical to the day-to-day operations of the Business and the retention of the Petitioners' employees is essential to continuing to operate the Shell Mountainside Lodge until the Resort Closure Date, as employee departures would have a negative impact on operations and guest experiences.

81. In order to reduce the risk of employees resigning during the SISP, once the SISP results were known, or before the Resort Closure Date, the Petitioners, in consultation with the Administrator, determined that an ERP incentivizing employees to remain employed would be appropriate to reduce the risk of employees resigning.

82. The Petitioners delivered letters to each employee in late February or early March 2025 outlining the terms of the ERP. If employees remain employed until the Resort Closure Date, the ERP provides for a single lump sum retention bonus of \$1,000 and \$500 to be paid to 14 full-time and four part-time employees, respectively, for a total amount of \$16,000, subject to applicable

withholding taxes and deductions. The ERP letters provided that retention bonuses would be paid on the later of: (i) the conclusion of the SISP, or (ii) December 31, 2025.

83. On April 14, 2025, the Petitioners provided notice of termination of employment effective May 26, 2025, to all 19 employees, including one employee on leave. This termination letter further advised the employees that they would be entitled to receive the retention bonus if they remain employed until the Resort Closure Date and the retention bonus would be paid within 48 hours of May 26, 2025.
84. The Administrator understands, based on correspondence received from the Union, that the Union is asserting that the Stalking Horse Purchaser is a “successor employer” under applicable employment legislation.
85. The Administrator recommends that the Court approve the ERP and authorize and direct the Petitioners, or one of its affiliates, to make the ERP payments to respective employees.

X. STAKEHOLDER REFUNDS

86. As stated in the Second Cimo Affidavit and the Pre-Filing Report, it has been the intention of the Petitioners to deliver refunds with respect to Timeshare Points and Vacation Leases to stakeholders by the right of use period contemplated by a specific Interval. In particular, those stakeholders that have paid for their calendar 2025 right of use entitlement but are unable to utilize their Interval due to the closing of the Sale Transaction shall be entitled to a full refund of all amounts paid, excluding interest and penalties.
87. The Petitioners have tracked funds collected by stakeholders related to their Interval right of use periods in calendar 2025 and seek approval to refund all or a portion of the 2025 maintenance fees paid (excluding any interest or penalties) to stakeholders, including members of SOAP or MLMA, who are unable to use their Interval after the Resort Closure Date.
88. The Petitioners seek Court approval to issue refunds to MLMA Members and SOAP Members subject to any additional activity not yet reported to the Administrator up to the date of the Resort Closure Date, as follows:
 - a) Approximately \$485,682 to 293 MLMA Members, with each refund ranging between \$1,049.85 and \$2,382.52; and

- b) Approximately \$24,094 to 11 SOAP Members, with each refund ranging between \$536.32 and \$5,041.50.
89. SOAP has paid for a portion of the SOAP Intervals and subject to the amounts to be paid by SOAP in May 2025 for the SOAP Intervals, SOAP may be unable to utilize all of the SOAP Intervals for which it has paid the 2025 maintenance fees and may be entitled to a refund in a manner similar to MLMA Members and SOAP Members.
90. ULC has paid all of the 2025 calendar year ULC Intervals, which it did using an advance paid directly by a T+L entity, Wyndham Vacation Ownership Inc. ("**WVOI**"). ULC will be unable to utilize certain of the ULC Intervals subsequent to the Resort Closure Date, resulting in an overpayment by WVOI in the amount of approximately \$306,001. WVOI may be entitled to a refund in a manner similar to MLMA Members and SOAP Members to recover a portion of the advance it made to ULC.
91. Refunds to stakeholders will be processed through the original form of payment. As a result of the highly integrated cash management system with other members of the T+L group, refunds will be processed through a corporate bank account controlled by Wyndham Resort Development ("**WRD**"), an affiliate of the Petitioners. Most 2025 maintenance fees were paid by credit card, in which case WRD will issue the refund to the same credit card. The balance of the 2025 maintenance fees were paid by cheque and those refunds will be completed by cheque mailed to the last known address of the applicable stakeholder.
92. Given that the Receiver will assume control of the Bank Accounts on the Delayed Appointment Date, the Petitioners intend to prefund the 2025 maintenance fee refunds to an account held by WRD prior to that date to allow WRD to facilitate the refunds after the Closing Date and limit the administrative inefficiency and associated cost with having the Receiver effect the refunds.
93. Given the foregoing, the Administrator is of the view that the suggested approach is reasonable and appropriate in the circumstance and recommends that the Court approve the reimbursement of the 2025 maintenance fees as contemplated in the Ancillary Order.

XI. FINANCIAL MONITORING

94. As detailed in the Pre-Filing Report, the Petitioners, with the support of the Administrator, prepared monthly cash flow projections for the 5-month period January 2025 to May 2025 for each of ULC and SOAP (the “**Cash Flow Projections**”).

95. Pursuant to the Appointment Order, the Administrator, with the cooperation of the Petitioners, monitored the Petitioners’ cash receipts and disbursements, along with cash flow activity related to the Business that transacted through the Bank Accounts.

96. The funds in the Bank Accounts were not included in the Cash Flow Projections because the entitlement to those funds as among ULC and MLMA was not clear at the outset of this proceeding. As discussed above, given the interrelated nature of the cash management system among the various entities in the T+L group, the A&R Appointment Order contemplates that the funds in the Bank Accounts will be property subject to the proposed receivership to allow the Receiver to administer any claims that may be asserted in respect of those funds through the claims process.

97. ULC’s actual receipts and disbursements for the period January 1, 2025 to March 31, 2025, in comparison to ULC’s Cash Flow Projection are summarized in the table below:

	Projection	Actual	Variance
Cash Receipts			
Intercompany advances for maintenance fees	\$ 417,000	\$ -	\$ (417,000)
Intercompany advances for payroll costs	-	325,354	325,354
Sales tax refunds (GST/HST)	19,857	-	(19,857)
Total Cash Receipts	436,857	325,354	(111,503)
Cash Disbursements			
Restructuring fees	455,238	-	455,238
MLMA maintenance fees	417,000	-	417,000
SOAP billings	50,000	-	50,000
Financial service fees	15,671	-	15,671
Payroll costs	-	324,728	(324,728)
Total Cash Disbursements	937,909	324,728	613,181
Net Cash Receipts over Disbursements	\$ (501,052)	\$ 626	\$ 501,678
Opening Balance			
	\$ -	\$ 46,716	\$ 46,716
Net Cash Receipts over Disbursements	(501,052)	626	501,678
Closing Balance	\$ (501,052)	\$ 47,342	\$ 548,394

98. The Administrator notes the following observations with respect to ULC’s receipts and disbursements for the period January 1, 2025 to March 31, 2025:

- a) Cash receipts totaled \$325,354 (\$111,503 lower than projected) and cash disbursements totaled \$324,728 (\$613,181 lower than projected), resulting in net cash receipts over disbursements of \$626 (\$501,678 higher than projected). There was also a positive variance in the opening Payroll Account balance of \$46,716, resulting in a closing cash balance of \$47,342 (\$548,394 higher than projected).
- b) Actual cash receipts totaling \$325,354 are comprised of advances from T+L for the purpose of funding ordinary payroll costs. The 2025 maintenance fees associated with the ULC Intervals, totaling \$417,345, were paid directly by T+L into the Scotia Accounts on behalf of ULC and, as a result, there were no funds transacted through ULC;
- c) Actual cash disbursements totaling \$324,726 are comprised of ordinary payroll costs. Cash disbursement variances include:
- (i) The Professionals agreed to defer invoicing certain accounts to assist in alleviating the Petitioners' liquidity constraints, which resulted in a positive variance of \$455,238;
 - (ii) As described above, the 2025 maintenance fees associated with the ULC Intervals, actually totaling \$417,345 (the projected \$417,000 in the ULC Cash Flow Projection) were paid directly by another T+L entity on behalf of ULC and, as a result, there were no funds transacted through ULC;
 - (iii) Payroll costs had a negative variance of \$324,728 as these costs were not included in the ULC Cash Flow Projection as payroll costs were assumed to be paid from the Scotia Accounts, which form part of MLMA's cash flows (detailed below); and
 - (iv) Payments to SOAP for ULC's Timeshare Points have not been paid, resulting in a positive variance of \$50,000.

99. SOAP's actual receipts and disbursements for the period January 1, 2025 to March 31, 2025, in comparison to SOAP's Cash Flow Projection are summarized in the table below:

	Projection	Actuals	Variance
Cash Receipts			
Maintenance fee assessments	\$ 359,209	\$ 510,989	\$ 151,780
Rental receipts	15,575	59,673	44,098
Billing services	1,890	-	(1,890)
Late fees	1,421	-	(1,421)
Foreign exchange gains (losses)	-	(4,918)	(4,918)
Total Cash Receipts	378,095	565,744	187,650
Cash Disbursements			
Association billings	376,676	404,693	(28,017)
Restructuring fees	252,910	-	252,910
Association billings accomodation fees	29,539	-	29,539
Accounting fees	15,089	9,579	5,509
Management fees	13,490	15,987	(2,497)
Insurance	4,767	-	4,767
Sales taxes (GST/HST)	2,254	-	2,254
Financial service fees	1,883	32,974	(31,091)
Bank service charges	300	-	300
Unrealized foreign exchange gain (loss)	-	256	(256)
Total Cash Disbursements	696,908	463,490	233,418
Net Cash Receipts over Disbursements	\$ (318,813)	\$ 102,255	\$ 421,068
Opening Balance	\$ 143,076	\$ 143,076	\$ -
Net Cash Receipts over Disbursements	(318,813)	102,255	421,068
Closing Balance	\$ (175,737)	\$ 245,331	\$ 421,068

100. The Administrator notes the following observations with respect to SOAP's receipts and disbursements for the period January 1, 2025 to March 31, 2025:

- a) Cash receipts totaled \$565,744 (\$187,650 higher than projected) and cash disbursements totaled \$463,490 (\$233,418 lower than projected), resulting in net cash receipts over disbursements of \$102,255 (\$421,068 higher than projected) and a closing cash balance of \$245,331 (\$421,068 higher than projected).
- b) Actual cash receipts totaling \$565,744 are comprised primarily of receipts from SOAP Members for their 2025 maintenance fees associated with their Timeshare Points and from rental receipts. Projected maintenance fee collections included assumptions regarding delinquency rates and the timing of collections, and actual collections were higher than projected; and
- c) Actual cash disbursements totaling \$463,490 are comprised primarily of payments for the 2025 maintenance fees associated with the SOAP Intervals, which were paid into the Scotia Accounts. Cash disbursement variances include:

- (i) The Professionals agreed to defer invoicing certain accounts to assist in alleviating the Petitioners' liquidity constraints, which deferral resulted in a positive variance of \$252,910;
- (ii) The insurance variance of \$4,767 is a timing difference as the insurance payment was made in April 2025.

101. In practice, much of the financial activity related to the Vacation Lease Business is reported to occur through the Scotia Accounts and the RBC Account. As such, the Administrator also monitored the cash flow activity in the Scotia Accounts and the RBC Account.

102. Actual receipts and disbursements of the Scotia Accounts and the RBC Account for the period January 1, 2025 to March 31, 2025, are summarized in the table below:

<u>Cash Receipts</u>	
Maintenance Fee Income	\$ 1,433,783
Other cash receipts	180,951
<u>Total Cash Receipts</u>	<u>1,614,734</u>
<u>Cash Disbursements</u>	
Intercompany repayments for payroll costs	399,085
Master Association Dues	90,413
Management Fees	58,110
Outsourced Laundry Services	22,147
Association Billings	13,432
Accounting Servicing Fees	13,362
Repairs & Maintenance	9,723
Other disbursements	9,811
Insurance	7,556
Utilities - Gas	6,174
Travel Other	5,756
Telephone Basic Equip Chg	5,282
Interior replacements and supplies	5,204
General Materials	4,359
Guest Supplies	1,606
Unrealized foreign exchange gain (loss)	90
Financial and Banking Service Fees	75
Labour allocations and offsets	(23,314)
<u>Total Cash Disbursements</u>	<u>628,871</u>
<u>Net Cash Receipts over Disbursements</u>	<u>\$ 985,863</u>
Opening Balance	\$ 2,607,367
<u>Net Cash Receipts over Disbursements</u>	<u>985,863</u>
<u>Closing Balance</u>	<u>\$ 3,593,230</u>

103. The Administrator notes the following observations with respect to the Bank Accounts for the period January 1, 2025 to March 31, 2025:

- a) Cash receipts totaled \$1,614,734 and cash disbursements totaled \$628,781, resulting in net cash receipts over disbursements of \$985,953. In total the Bank Accounts had an opening balance of \$2,607,367, and with the net cash receipts of \$985,953 have a closing cash balance of \$3,593,230;
- b) The majority of cash receipts relate to 2025 maintenance fee income from MLMA Members, SOAP and ULC related to their respective Intervals in the amount of \$1,433,783. Other cash receipts of approximately \$180,951 are comprised of sales tax refunds, rental revenue and interest income; and
- c) Cash disbursements totaling \$628,781 consist of intercompany repayments for payroll costs (\$399,085), monthly strata fees (\$90,413), management fees (\$58,110) and other disbursements for the ongoing ordinary operations of the Shell Mountainside Lodge, including utilities, insurance and supplies. As discussed above, payroll costs are paid on behalf of ULC using funds advanced from T+L. Funds are transferred from the Scotia Accounts to the Property Manager as reimbursement for the advance made to ULC.

104. Under the A&R Appointment Order, the Receiver shall be authorized to take control and possession of the Bank Accounts, in part, to allow it to conduct a fulsome review of the various transactions to better understand the flow of funds to determine which entity is ultimately entitled to the cash balances held therein.

XII. PROFESSIONAL FEES

105. Pursuant to paragraph 30 of the Appointment Order, the Administrator and its legal counsel shall pass their accounts from time to time.

106. Leading up to and during this proceeding, the Professionals agreed to defer invoicing certain accounts to assist the Petitioners' with managing their liquidity constraints.

107. BDO's fees, for the period April 25, 2024 to April 18, 2025, which encompasses its engagement with the Petitioners prior to the commencement of these proceedings and in its capacity as Administrator under the Appointment Order, were \$426,622.50 plus disbursements of \$250.00 and applicable sales taxes of \$21,343.63 for a total of \$448,216.13, as set out in the Affidavit of Matthew Marchand dated April 28, 2025 and filed herein.

108. Fasken's fees for the period May 23, 2024 to April 24, 2025 were \$135,654.50 plus disbursements of \$1,414.92 and applicable sales taxes of \$16,305.87 for a total of \$153,375.29, as set out in the Affidavit of Dylan Chochla, dated April 25, 2025 and filed herein.

109. The Administrator respectfully submits that BDO's fees and disbursements, and those of Fasken, as detailed herein are reasonable in the circumstances and have been validly incurred in accordance with the provisions of the Appointment Order.

110. The Administrator seeks the Court approve, authorize and direct the Receiver to pay from the net proceeds from the Sale Transaction the outstanding professional fees and disbursements of BDO and Fasken.

111. The Receiver will allocate and pay outstanding and future professional fees based on the beneficial ownership allocation of the Strata Lots between the Petitioners, being 64.3% and 35.7% for ULC and SOAP, respectively.

XIII. RECOMMENDATIONS

112. Based on the foregoing, the Administrator recommends that the Court grant the relief sought by the Petitioners and the Administrator.

All of which is respectfully submitted on the 1st day of May, 2025.

BDO Canada Limited
solely in its capacity as Proposed Administrator of
SVC-MOUNTAINSIDE ULC and
SHELL OWNERS ASSOCIATION - PACIFIC
and not in its personal or corporate capacity



Matthew Marchand, CPA, CMA, CIRP, LIT
Senior Vice President