

**JUDICIAL TRUSTEE'S FOURTH REPORT TO THE INVESTORS
MARCH 15, 2021**

**IN THE MATTER OF THE JUDICIAL TRUSTEE APPOINTMENT OF
WESTPOINT INVESTMENT TRUST**

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Exhibits

1. Statement of Receipts and Disbursements for the period March 8, 2019 to March 15, 2021

Introduction

1. On March 8, 2019, the Court of Queen's Bench of Alberta (the "Court") granted an Order (the "Judicial Trustee Order") appointing BDO Canada Limited as a Judicial Trustee ("BDO" or the "Trustee") in respect of Westpoint Investment Trust, ("WIT" or the "Trust"), pursuant to an application made on behalf of WIT, by Munir Virani and Marnie Kiel, ("Former Trustees").
2. Copies of relevant documents in the Judicial Trustee proceedings are available on the Trustee website at <http://www.extranets.bdo.ca/WestpointInvestmentTrust/>
3. In addition to the above Order, the Court also granted an Interim Receiver Order (the "Interim Receiver Order") appointing BDO as Interim Receiver of Westpoint Capital Corporation ("WCC"), Westpoint Capital Management Corporation ("WCMC"), Westpoint Capital Services Corporation ("WCSC"), Westpoint Syndicated Mortgage Corporation ("WSMC"), Canadian Property Direct Corporation ("CPDC"), Westpoint Master Limited Partnership ("WMLP"), River's Crossing Ltd. ("RCL"), 1897849 Alberta, Ltd. ("1897849"), 1780384 Alberta Ltd. ("178 AB"), 1897837 Alberta Ltd. ("1897837"), (collectively the "Companies").
4. On April 10, 2019, the Court of Queen's Bench of Alberta (the "Court") granted an Order (the "Order") appointing BDO Canada Limited as Receiver ("BDO" or the "Receiver") of the Companies.
5. On May 30, 2019, the Court of Queen's Bench of Alberta (the "Court") granted a further Order, consented to by the sole director of The Village at Paldi Ent. Ltd. ("Paldi") amending the Receivership Order to add Paldi as a party Respondent in these proceedings, and to extend the terms of the Receivership Order to include Paldi as a party in receivership.
6. Copies of relevant documents in the interim receivership and receivership proceedings are available on the Receiver's website at <https://www.bdo.ca/en-ca/extranets/wccetal/>

7. BDO felt it was important to communicate essential information regarding the investors' investment in WIT on a semi-annual basis. This is the Fourth Report to the Creditors ("Creditors Report"). This report will provide the Investors with the following information:
 - a) Trustee's activities since its last report;
 - b) Status of the various investments made by WIT;
 - c) Potential realization; and
 - d) Receipts and disbursements to date.

Disclaimer and Limitations of the Report

8. This report has been prepared by BDO to provide the Investors with the information as outlined above. In preparing this report, the Trustee necessarily relied upon unaudited financial statements and other information supplied and representations made to the Trustee by various parties. Although the information supplied has been reviewed for reasonableness, we have not independently verified the accuracy or completeness of the information, nor have we conducted an audit and, as a result, we are not providing any form of assurance of the information subject to our review. Our work may not necessarily disclose all significant matters about WIT or any errors, misstatements, irregularities, or illegal acts, if any such exist, on the part of WIT, or its former Trustees, or the officers, directors, employees and advisors of the Companies or in the underlying information. Accordingly, the Trustee may refine or alter its observations as further information is obtained or is brought to its attention after the date of this Creditors' Report.
9. The Trustee assumes no responsibility or liability for any loss or damage incurred by any party because of the circulation, publication, reproduction or use of the Investors Report. Any use that any party makes of this report, or any reliance on or decision to be made based on it, is the responsibility of such party.

Trustee's Activities Since its Third Report

10. The Trustee has taken several steps to secure the various properties foreclosed on by WCC, to deal with several litigation matters, and to obtain appraisals on the properties.
11. WIT is a trust and its investments were made through various corporate entities which, although legal title to the various assets are held by the companies, the beneficial interest in those assets remains with WIT.
12. The Companies have three main categories of assets. The majority of the assets are mortgages. There are also interests in various properties deriving from mortgage enforcement proceedings. Lastly, there are numerous lawsuits, which have been initiated by WCC, which are not assets per se but could result in generating proceeds if successful. These assets are discussed in detail below.
13. The assets are summarized in the table below, with the estimated recovery amount for each asset. Note, that actual recovery may vary substantially from the estimated amount.

Type of asset (mortgage, land, lawsuit)	Location	Recovery as Estimated by WIT's Former Trustees	Recovery to date
Mortgage	Calgary	\$224,573	\$19,000
Mortgage	Beaumont	56,073	65,800
Mortgage	Edmonton	1,250,000	55,000
Mortgage	Edmonton	200,960	6,000
Mortgage	Salmon Arm	7,584,934	-
Mortgage	Penticton	300,000	336,000
Property	Cranbrook - 240 Shadow	159,000	50,000
Property	Cranbrook - 112 Purcell	250,000	128,000
Property	Cranbrook - River's Crossing Land	1,946,473	-
Property	Drumheller	875,000	182,000
Property	Bruderheim	3,336,888	-
Property	Wandering River	2,000,000	608,900
Property	Village at Paldi	500,000	354,500

Litigation	Alberta	1,400,000	-
Litigation - Paldi	British Columbia	Unknown	Settled
Litigation -	British Columbia	Unknown	-
Total		20,083,901	\$1,805,230

14. Please note that the foregoing estimated recovery numbers were provided to the Trustee by the former Trustees, and the Trustee has not independently verified the accuracy or the reasonableness of these estimates. Notwithstanding anything contained in this Report, the Trustee is not suggesting that these numbers represent the expected recoveries, and the Trustee makes no representations regarding any amounts that may be realized on any of the assets.

Mortgages

Mortgage - Calgary, AB

15. WCC holds a second mortgage on the above property.
16. The Receiver has received \$9,063 of mortgage payments, which represents five (5) months of payments to the Trustee.
17. After obtaining an appraisal, review of the property tax assessment and receiving the mortgage statement, the Receiver settled the mortgage for \$10,000.
18. The only other option was to foreclose on the mortgage, as this was a second mortgage the Receiver would have risked paying all the legal costs without any recovery as the appraised value was close to the first mortgage amount.

Mortgage - Beaumont, AB

19. WCC held a second mortgage on the above property.
20. The borrower paid out the mortgage in December 2020. As such this mortgage is no longer outstanding.

Mortgage - Edmonton, AB

21. WCC holds a blanket second mortgage (\$1,250,000) on the above properties and a blanket third mortgage (\$200,960) on the above properties.
22. Based on discussions with KV Capital, the first mortgage is currently in default. KV Capital holds the first mortgage. The Receiver has negotiated a small payment of \$2,000 per sale to cover its expenses.
23. WCC has received a \$12,000 payment on the blanket third mortgage. The Company has not paid since December 2019.
24. Until all of the units are sold, the Receiver is unable to determine if KV Capital will be paid in full. If KV Capital suffers a shortfall, and depending on the magnitude, the Receiver is unable to determine if there will be any recovery for the estate.. The Receiver estimates that based on current absorption rates, the sale process is estimated to take 4-5 years.

Mortgage - Beach Grove Properties

25. The Receiver has filed a Statement of Claim for the entire amount owing against the properties.
26. The Receiver has just recently switched legal counsel dealing with the file. In addition, the owner of the development is trying to figure out financing for a potential settlement.
27. The Receiver retained Colliers to determine the value of the property. Based on the Colliers report there are a number of issues with the development.
28. If a settlement is unable to be reached in the short term, the Receiver estimates that it would take approximately a year to deal with the property.

Properties

Drumheller, AB

29. The Receiver has sold all but one of the vacant lots.
30. The Receiver estimates that this last lot will be sold by the end of 2021.

Bruderheim, AB

31. The Receiver was unable to successfully close the sale on the property. As such the Bruderhiem property remains for sale. The Receiver obtained an environmental report in regard to this property which the Receiver believes will assist in the future sale of the property.
32. Due to the nature of the property and the current pandemic environment it is difficult to determine the timeline for the sale of the property. The Receiver estimates two (2) years.

Wandering River, AB

33. The property contains a mixture of residential and commercial lots. These lots are in Athabasca County, AB, as following:
 - a) Lots 2 through 8, Block 1, Plan 1021304;
 - b) Lots 6 through 14, Block 2, Plan 1021304;
 - c) Lot 16, Block 2, Plan 1021304; and
 - d) Lots 18 through 23, Block 2, Plan 1021304.
34. The Receiver has sold all three of the commercial lots and 13 residential lots with one lot pending closing. The Receiver has nine (9) residential lots for sale. The Receiver estimates that the remainder of the lots will be sold by the end of 2021.

Litigation

Berry Homes Ltd. and Performance Paving Services Inc.

35. The Receiver is in the process establishing a timeline for questioning the various parties on the affidavit of records. This is scheduled to be completed by the end of May 2021. Once completed, the Receiver is hopeful to set a court date for the matter to be heard.
36. There is approximately \$1.5 million in Court and three parties claiming an interest to these funds. Berry Homes is claiming an interest to the entire amount. Performance Paving Services Inc. is claiming a portion of the amount, approximately \$300,000 for unpaid work on the project. The Trustee is claiming an interest to the entire amount.
37. Given the foregoing, it is uncertain what if any recovery will be made in regard to this matter.

Paldi and Lack et al

38. The Receiver had retained WCC's counsel, Martin Sennott of Boughton Law Corporation, on these files to move the matters forward.

Paldi

39. The Paldi litigation arose because of reliance by WCC on an appraisal provided to WCC, which allegedly significantly overvalued the lands.
40. The Receiver has agreed to a confidential settlement amount and the matter is now closed.

Lack et al

41. Previously referred to as the Braun matter, Lack et al. is litigation between WCC and its former counsels for the alleged failure to register a mortgage in a timely fashion.

42. In November 2020, the Receiver received information from counsel of the defendants, specifically an appraisal. This appraisal was not previously provided to the Receiver. Once reviewed, the Receiver determined that it would be unsuccessful in the recovery of funds, and as such agreed to cease the action on a without cost basis. The Receiver has recovered the funds paid into court of approximately \$68,000.

Potential Realization

43. Based on the updated information the Receiver is revising the estimate for recovery. The Receiver estimates a recovery, which would be available for distribution of \$1,000,000 to \$5,000,000. Note that actual recovery may vary substantially from the estimated amount.

Receipts and Disbursements

44. The statement of receipts and disbursements from March 8, 2019, to March 15, 2021, is attached as Exhibit 1. The Receiver currently has \$209,179 of funds on hand to deal with ongoing holding costs for the properties.

45. In addition to the professional fees disbursed, there is approximately \$600,000 in professional fees owing to the Trustee, and its various legal counsels.

BDO Canada Limited
Statement of Receipts and Disbursements For
Westpoint Capital Corporation et al.
For the period of March 8, 2019 to March 15, 2021

Receipts

Sale of land	\$ 7,719,085
Settlement	725,000
Mortgage repayment	54,983
Loan	500,000
Funds from foreclosure	336,209
Cash on hand	113,764
Sewer Hauling contract	31,750
Rental income	50,774
Sale of vehicle	10,010
GST refund	51,503
GST collected	38,202
Insurance refund	3,486
Investments	5,354
Interest Income	3,462
Sale of office furniture	500
	<u>9,644,082</u>

Disbursements

Payment to secured creditor	5,586,127
Legal fees	882,976
Receiver fees	576,011
Repayment of loan	533,189
Real property taxes	561,364
Wages	172,039
Strata fees	222,816
Repayment of loan	-
Loan payments	102,116
GST/PST paid	109,992
Appraisal fees	68,935
Funds paid into court per	67,804
Insurance	83,570
Construction	60,756
Consulting fees	199,407
Payroll deductions	20,193
Utilities	18,731
Repairs and maintenance	11,765
Office expenses	3,622
Stock taking and possession	9,804
Advertising	9,032
Commission	114,365
Miscellaneous	8,451
Occupation rent	4,000
Deemed trust claim	3,479
Site clean up	1,665
Redirection of mail	1,300
Storage	567
Payroll services	134
Filing fees paid to the Official Receiver	70
Photocopies	34
Bank Fees	581
Search fee	10
	<u>9,434,903</u>

\$ 209,179