

Purpose of Report

1. This report updates the Beneficial Owners of the Bonaventure Court condominium units (the “Beneficial Owners”) as to the status of the administration of Bonaventure Court and the related litigation.

Access to Information

2. Copies of all Court Orders issued by the Court of Queen’s Bench of Alberta (“Court”) and certain other Court documents are posted at www.bonaventurecourt.com. Copies of any other filed Court documents are available from the Judicial Trustee upon request.

Court Filings Since Last Report

3. On May 31, 2011, counsel for the Judicial Trustee filed its Supplemental Brief in relation to the application on Respondents Set-off matters, which earlier application had been adjourned to July 28, 2011.
4. On June 14, 2011, counsel for Glenmount Management Ltd. filed its Supplemental Brief in relation to the above application.
5. On June 23, 2011, counsel for the Judicial Trustee filed its Reply Brief to Glenmount Management Ltd’s Supplemental Brief noted above.
6. On July 5, 2011, Justice McIntyre approved an Order for the distribution of \$220,765.47 to three Beneficial Owners as outlined in the Judicial Trustee’s Fifteenth Report. A copy of the Order is attached as **Exhibit “1”** to this report.
7. On October 17, 2011, the Judicial Trustee filed its Fifth Special Report issued on October 13, 2011 containing the results of the Judicial Trustee’s investigations on the ownership disputes regarding the 29 units that were excluded from the Judicial Trustee’s Fourth Special Report.

Judicial Trustee’s Statement of Receipts and Disbursements (“R&D”)

8. Attached as **Exhibit “2”** is a copy of the Judicial Trustee’s R&D to September 30, 2011. The total cash held in trust as at September 30, 2011 was \$7,146,106.

9. The Judicial Trustee's R&D includes as an addendum a notional allocation of the R&D on a line item basis to one and two bedroom units using the Proportionate Shares as defined in the Unit Purchase Agreements.
10. As outlined in previous reports, the cash in trust is segregated into six trust accounts, comprised of one operating account and five T-bill accounts. The five T-bill accounts have been established for the following matters:
 - a. Contingency Fund for Future Costs of Administration, Litigation and Taxes
 - b. Disputed units and PN proceeds – Respondents et al
 - c. Disputed unit proceeds – Applicant et al
 - d. Disputed unit proceeds – Unit 124 (Dunn-Warr)
 - e. Non-Resident Beneficial Owner's unit proceeds

Interim Distribution Matters

11. The proposed Interim Distribution of \$220,765.47 to three Beneficial Owners outlined within the Judicial Trustee's Fifteenth Report was approved by Justice McIntyre on July 5, 2011 and the applicable funds were distributed by the Judicial Trustee to Beneficial Owners shortly thereafter.
12. The amount and timing of future interim distributions to Beneficial Owners is dependent upon:
 - a. the decision of the Court on the Respondents Set-off matter,
 - b. the resolution of the remaining ownership disputes on the 29 units that are the subject of the Judicial Trustee's Fifth Special Report;
 - c. the outcome of the Statement of Claim that the Judicial Trustee has filed against Kendax Investments Inc. ("Kendax") in 2010;
 - d. the resolution of income tax contingencies related to the Judicial Trustee's administration of the Properties; and
 - e. the future costs of administration and litigation.

These matters are discussed further below.

Respondents Set-off Matter

13. The application regarding the Respondents Set-off matter contained in the Judicial Trustee's Notice of Application of December 15, 2010 was adjourned on January 18, 2011, March 24, 2011 and May 12, 2011 and was heard on July 28, 2011.
14. A decision on this application was reserved by the Justice Horner.
15. Numerous parties have contacted the Judicial Trustee for the anticipated timing of this decision, which information the Judicial Trustee does not have and cannot provide.

Remaining Ownership Dispute Matters

16. On October 17, 2011 the Judicial Trustee filed its Fifth Special Report issued on October 13, 2011 containing the results of the Judicial Trustee's investigations on the ownership disputes regarding the 29 units that were excluded from the Judicial Trustee's Fourth Special Report.
17. Since the filing of this Fifth Special Report, the Judicial Trustee has been notified by one of the Beneficial Owners that he is aware of the potential whereabouts of one of the parties listed in the Judicial Trustee's Fifth Special Report as being a previous Beneficial Owner of one of the four defaulted units that the Respondents sold to Kendax in 1996. The Judicial Trustee has attempted to contact this individual with the details provided, but has been unsuccessful to date.
18. The Judicial Trustee has received no further information from either the Respondents or the Applicant on the information requested of them regarding their knowledge of the background to the default of these four units by the parties noted in the Fifth Special Report or the anomalous dating of the November 1, 1996 purchase and sale agreements and the receipts for payments in 1997 and 1998.
19. Counsel for the Judicial Trustee is in the process of preparing a document outlining the results of its research on the permissibility of the assignment of Promissory Notes as described in the Judicial Trustee's Fifth Special Report and expects to have this document filed in November 2011.

20. Thereafter, the Judicial Trustee and the applicable claimants of the proceeds held in trust attributable to these 29 units can follow the process for resolution of these ownership disputes using the terms of the September 7, 2010 Court Order.

Statement of Claim against Kendax

21. The questioning (formerly referred to as examination) of Joyce Kendall by counsel for the Judicial Trustee and counsel for Bonaventure Small Investors Group (“BSIG”) took place on June 8th and 9th, 2011.
22. The questioning of the Judicial Trustee is tentatively scheduled for December 2011.
23. The questioning of a representative of BSIG has not yet been determined.
24. The remainder of the litigation process will be determined after the above.

Income Tax Contingency Matters

25. Following the requested Court approval of the change in the name of the Judicial Trustee on the Court record as outlined below, the Judicial Trustee will be submitting a letter to Canada Revenue Agency (“CRA”) with a TX19 form requesting a clearance certificate from CRA in order to eliminate any income tax related contingencies associated with the Judicial Trustee’s administration of the Properties.

Change in Name of Judicial Trustee

26. Effective January 1, 2011 Grant Thornton LLP acquired the practice of Alger & Associates Inc. Grant Thornton LLP’s Recovery and Reorganization practice operates through Grant Thornton Limited, a limited liability corporation. The Judicial Trustee will be making an application for the Court’s approval of a change in the name of the Judicial Trustee from Alger & Associates Inc. to Grant Thornton Limited.

Taxation of Accounts

27. The Judicial Trustee has sworn an affidavit for purposes of the taxation of its accounts and that of its legal counsel and will be filing this affidavit concurrent with the filing of

this report. A copy of this affidavit and related application materials will be posted to the Judicial Trustee's web-site at: www.bonaventurecourt.com.

Service of Report

28. This report will be sent to the Beneficial Owners and other interested parties via e-mail where available, or via mail where not available. If recipients wish to receive a copy of future reports and other information from the Judicial Trustee via e-mail, please contact the Judicial Trustee. Similarly, if recipients wish to receive copies of future reports and other information via mail, please contact the Judicial Trustee. The Judicial Trustee can be contacted by telephone at 403-298-5800 or toll-free at 1-800-661-8284 or via e-mail at Michael.Costello@ca.gt.com or Bruce.Alger@ca.gt.com.

DATED this 28th day of October, 2011.

Yours truly,

ALGER & ASSOCIATES INC.

Per: _____

Michael Costello

TO: Respondents
Attention: Donald Carmichael

AND TO: Davis LLP
Counsel for the Applicant
Attention: James Bancroft

AND TO: A.G. Young Legal Centre
Counsel for the Applicant
Attention: Tony Young

AND TO: Fraser Milner Casgrain LLP
Counsel for Bonaventure Small Investors Group
Attention: David LeGeyt

AND TO: Burnet, Duckworth & Palmer LLP
Counsel for the Judicial Trustee
Attention: Douglas Nishimura

AND TO: Court of Queen's Bench of Alberta

AND TO: The other Beneficial Owners and purported Beneficial Owners and other interested parties

I hereby certify this to be a true copy of
the original Order
Dated this 5 day of July, 2011
[Signature]
for Clerk of the Court

Clerk's Stamp:
CLERK OF THE COURT
JUL - 5 2011
CALGARY, ALBERTA

COURT FILE NUMBER 0201-13248
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
PLAINTIFF KENDAX INVESTMENTS INC.
DEFENDANT DONALD CARMICHAEL, 658051 ONTARIO LIMITED AND
KINGSCROFT INVESTMENTS LIMITED
DOCUMENT ORDER

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

Burnet, Duckworth & Palmer LLP
1400, 350 - 7 Avenue SW
Calgary, Alberta T2P 3N9
Lawyer: Douglas S. Nishimura
Phone Number: (403) 260-0269
Fax Number: (403) 260-0332
Email Address: dsn@bdplaw.com
File No. 58585-1

DATE ON WHICH ORDER WAS PRONOUNCED:

July 5
June, 2011

NAME OF MASTER WHO MADE THIS ORDER:

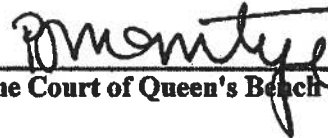
Justice [Signature]
Honourable Mr Justice P. McIntyre
Madame Justice Horner

ORDER

UPON THE APPLICATION of the Judicial Trustee; AND UPON HEARING read the Fifteenth Report of the Judicial Trustee and other material filed in this matter; AND UPON HEARING counsel for the JT and other parties to these proceedings and noting the consent of counsel for parties indicated in this order; IT IS HEREBY ORDERED AS FOLLOWS:

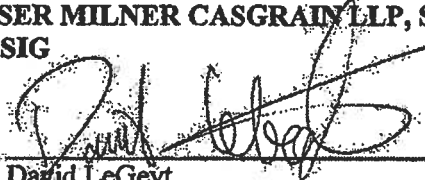
1. The recommendations set forth in the Fifteenth Report of the Judicial Trustee in respect of the distribution of \$220,765.47 as outlined in paragraph 13 of the Judicial Trustee's Fifteenth Report, are hereby accepted and approved
2. The distribution as set forth in the Judicial Trustee's Fifteenth Report, subject to any adjustments deemed appropriate by the Judicial Trustee, is hereby approved and the Judicial Trustee is hereby

authorized and directed to take any steps it deems necessary or appropriate to effect the interim distribution.


Justice of the Court of Queen's Bench of Alberta

CONSENTED TO THIS 9 DAY OF
JUN, 2011

**FRASER MILNER CASGRAIN LLP, Solicitors
for BSIG**

Per: 
David LeGeyt

DAVIS LLP, Solicitors for the Applicants

Per: _____
James Bancroft

**Bishop & McKenzie LLP, Solicitors for
Glenmount Management Ltd.**

Per: _____
Anthony Dekens

authorized and directed to take any steps it deems necessary or appropriate to effect the interim distribution.

Justice of the Court of Queen's Bench of Alberta

CONSENTED TO THIS __ DAY OF
_____, 2011

**FRASER MILNER CASGRAIN LLP, Solicitors
for BSIG**

Per: _____
David LeGeyt

DAVIS LLP, Solicitors for the Applicants

Per: *Shaulyn C. Bancroft*
James Bancroft

**Bishop & McKenzie LLP, Solicitors for
Glenmount Management Ltd.**

Per: _____
Anthony Dekens

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Justice of the Court of Queen's Bench of Alberta

CONSENTED TO THIS ___ DAY OF
_____, 2011

**FRASER MILNER CASGRAIN LLP, Solicitors
for BSIG**

Per: _____
David LeGeyt

DAVIS LLP, Solicitors for the Applicants

Per: _____
James Bancroft

**Bishop & McKenzie LLP, Solicitors for
Glenmount Management Ltd.**

Per: _____
Anthony Dekens

IN THE MATTER OF
KENDAX INVESTMENTS INC. V. DONALD CARMICHAEL & 658051 ONTARIO LTD.
JUDICIAL TRUSTEE'S STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD JANUARY 22, 2003 TO SEPTEMBER 30, 2011

| | Notional Alloc. by UPA Propor. Share | |
|--|---|----------------------------|
| | 0.434364% Per 1 BR unit | 0.561856% Per 2 BR unit |
| <u>Receipts</u> | | |
| Sale of Properties, net | \$ 19,647,028 | \$ 85,340 |
| Net receipts from Fireside Management Ltd. | 4,113,886 | 17,869 |
| Interest income | 226,240 | 983 |
| Other receipts/recoveries | 17,718 | 77 |
| Total Receipts | \$ 24,004,872 | \$ 104,269 |
| <u>Disbursements</u> | | |
| Distributions to Beneficial Owners | \$ 14,296,524 | \$ 62,099 |
| Judicial Trustee fee advances | 978,388 | 4,250 |
| Advances on Judicial Trustee's legal fees and costs | 510,839 | 2,219 |
| BSIG Costs | 370,852 | 1,611 |
| Solicitor for BSIG | 345,486 | 1,501 |
| Mortgage and divestiture related expenses | 125,154 | 544 |
| Accounting fees | 40,651 | 177 |
| Agent for the Judicial Trustee | 36,237 | 157 |
| Office, administrative, travel and other disbursements | 33,268 | 145 |
| Solicitor for the mortgagee | 7,822 | 34 |
| GST/PST | 113,544 | 493 |
| Total Disbursements | \$ 16,858,765 | \$ 73,228 |
| Cash Held in Trust (1) | \$ 7,146,106 | \$ 31,040 |
| | | \$ 40,151 |

| (1) Cash Held in Trust comprised of: | |
|---|---------------------|
| Regular trust account | \$ 16,627 |
| T-Bill savings accounts | |
| > Contingency Fund - Future Costs and Taxes | 2,403,958 |
| > Disputed unit/PN proceeds - Respondents, BSIG et al | 1,766,520 |
| > Disputed unit proceeds - Applicant, BSIG et al | 2,850,706 |
| > Disputed unit proceeds - Unit 124 (Warr/Dunn) | 107,558 |
| > Non-Resident Beneficial Owners | 737 |
| | \$ 7,146,106 |