CLERK OF THE COURT
FILED
JUN - 4 2019
JUDICIAL CENTRE OF CALGARY

COURT FILE NUMBERS	1901-03879
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
APPLICANTS	HSBC BANK OF CANADA
RESPONDENTS	GENCO HOLDINGS LTD.
DOCUMENT	**FIRST REPORT OF THE RECEIVER** **June 3rd, 2019**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**<u>RECEIVER</u>** ERNST & YOUNG INC. Calgary City Centre 2200, 215 2nd Street SW Calgary, AB T2P 1M4 Attention: Peter Chisholm / Dylan Holwell Telephone: (403) 206-5061 / (403) 206-5431 Fax: (403) 206-5075 Email: peter.chisholm@ca.ey.com / dylan.holwell@ca.ey.com **<u>COUNSEL</u>** FASKEN MARTINEAU DUMOULIN LLP First Canadian Centre 350 – 7th Avenue SW, Suite 3400 Calgary, AB T2P 3N9 Attention: Travis Lysak / Mihai Tomos Telephone: (403) 261-5501 / (587) 233-4107 Email: tlysak@fasken.com / mtomos@fasken.com

COURT FILE NUMBERS	1901-04336
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
APPLICANTS	MAYNBRIDGE CAPITAL INC.
RESPONDENTS	GENCO HOLDINGS LTD., GENCO (WALDEN) LTD., PALI BEDI, TARLOK TATLA, JASBIR HANS, SOLO LIQUOR HOLDINGS LTD. and SOLO LIQUOR STORES LTD.
DOCUMENT	**FIRST REPORT OF THE RECEIVER** **June 3rd, 2019**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**RECEIVER**

ERNST & YOUNG INC.
Calgary City Centre
2200, 215 2nd Street SW
Calgary, AB T2P 1M4
Attention: Peter Chisholm / Dylan Holwell
Telephone: (403) 206-5061 / (403) 206-5431
Fax: (403) 206-5075
Email: peter.chisholm@ca.ey.com / dylan.holwell@ca.ey.com

COUNSEL

FASKEN MARTINEAU DUMOULIN LLP
First Canadian Centre
350 – 7th Avenue SW, Suite 3400
Calgary, AB T2P 3N9
Attention: Travis Lysak / Mihai Tomos
Telephone: (403) 261-5501 / (587) 233-4107
Email: tlysak@fasken.com / mtomos@fasken.com

TABLE OF CONTENTS OF THE FIRST REPORT

APPENDICES

INTRODUCTION

1. Ernst & Young Inc. ("EYI") was appointed Receiver (the "Receiver") of Genco Holdings Ltd.'s right, title and interest in certain real property municipally located at 634 – 6th Avenue SW ("634"), Calgary, Alberta, and any personal property related to it (the "Remaining Unsold Units") pursuant to an Order (the "HSBC Receivership Order") dated March 22, 2019 (the "HSBC Receivership Date").

2. EYI was appointed Receiver of the property, assets and undertakings of Genco (Walden) Ltd. ("Genco Walden") and Genco Holdings Ltd. ("Genco Holdings") (together, "Genco"), excluding the Remaining Unsold Units subject to the HSBC Receivership Order and certain real property of Genco Holdings municipally located at 1108 – 4th Street SW, Calgary, Alberta and real property referred to as the "160 Acre Lands" (as described in the Maynbridge Receivership Order), pursuant to an Order (the "Maynbridge Receivership Order") dated April 5, 2019 (the "Maynbridge Receivership Date").

3. The primary assets of Genco Walden include its interest in real property municipally located at 19605 Walden Blvd. SE, Calgary, Alberta, including any personal property related to it ("Walden"). The primary asset of Genco Holdings subject to the Maynbridge Receivership Order is its interest in real property municipally located at 608 – 7th Street SW, Calgary, Alberta and 735 – 6th Avenue SW, Calgary, Alberta and 739 – 6th Avenue SW, Calgary, Alberta, including any personal property related to it ("608").

4. The Remaining Unsold Units, Walden and 608, all of which EYI has been appointed Receiver over, are collectively referred to as the "Properties".

5. The HSBC Receivership Order and the Maynbridge Receivership Order authorized the Receiver, among other things, to take possession and control of the Properties, to receive, protect and maintain control of the Properties, and to market and solicit offers to purchase the Properties.

6. The purpose of this first report of the Receiver (the "First Report") is to provide this Honourable Court with the Receiver's comments with respect to:

   a) the activities of the Receiver since the HSBC Receivership Date and the Maynbridge Receivership Date, including the retention of a selling agent (the "Selling Agent") to market and sell the Properties;

   b) the Receiver's request for the approval of the proposed sales strategy (the "Sale Process") to sell the Properties; and

c) the recommendation of the Receiver.

BACKGROUND

7. Genco Holdings and Genco Walden are corporations incorporated pursuant to the laws of the Province of Alberta with registered offices in Calgary, Alberta. Genco Holdings and Genco Walden are in the business of real estate development and sales/leasing.

634 Property

8. The Remaining Unsold Units are commercial condominium units located in 634 within the downtown core of Calgary, Alberta. Construction of 634 was completed in or around 2015, and since its completion, commercial condominium units in 634 were marketed by Avison Young ("AY"), a global commercial real estate consulting firm. A director of Genco Holdings, Mr. Pali Bedi, is also a principal of AY and was involved in the marketing of commercial condominium units in 634 prior to the HSBC Receivership Date, since early 2015.

9. The Remaining Unsold Units are unfinished and ready for owner improvements. Despite AY's extensive marketing of the Remaining Unsold Units, the weakened commercial real estate market in Calgary's downtown core negatively impacted Genco Holdings' ability to successfully monetize the Remaining Unsold Units. As at the HSBC Receivership Date, 12 of 24 units in 634 had been sold and there are 12 Remaining Unsold Units.

10. The commercial condominium units in 634 are managed by McCOR Management ("McCOR"), pursuant to a Property Management Agreement between McCOR and Condominium Corporation #1610979 (the "Condo Corp."). McCOR earns a management fee in exchange for the management services it provides.

608 Property

11. 608 is also located in Calgary's downtown core and includes a vacant, condemned building (the "Building") and an adjacent parcel of land previously used for above-ground parking.

12. AY had been marketing 608 to developers and other potential buyers as at the Maynbridge Receivership Date since on or about December 21, 2018. Due to the state of the Building located at 608 and the work that would need to be undertaken by a potential buyer to make the site ready for development, 608 had generated little interest from potential buyers as at the Maynbridge Receivership Date.

13. 608 was also managed by McCOR pursuant to a Property Management Agreement; however, prior to the Maynbridge Receivership Date, McCOR sent notice to Genco Holdings of its intention to terminate the Property Management Agreement due to non-payment.

Walden Property

14. Walden includes a retail strip mall consisting of two single-storey buildings and referred as "Walden Landing", along with a two-storey professional building referred to as "Walden Square". Walden Landing is approximately 80% leased to a range of retail tenants. The main floor of Walden Square is fully leased to a single medical tenant, and the second floor of Walden Square was sold by Genco Walden to a third party prior to the Maynbridge Receivership Date.

15. AY also had been marketing Walden as at the Maynbridge Receivership Date since on or about December 21, 2018. Walden is cash flow positive and therefore had generated interest from potential buyers as at the Maynbridge Receivership Date, including the receipt of formal letters of intent or other non-binding offers for the purchase of Walden in its entirety.

Receivership Applications

16. As at the HSBC Receivership Date, the aggregate indebtedness owed to HSBC Bank Canada ("HSBC") by Genco Holdings, the primary secured creditor respecting the Remaining Unsold Units, totalled approximately $8.6 million.

17. HSBC applied to this Honourable Court for an Order appointing EYI as receiver and manager, to exercise the powers and duties pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 and section 13(2) of the *Judicature Act,* R.S.A. 2000 c. J-2, of Genco Holdings' right, title and interest in the Remaining Unsold Units.

18. As at the Maynbridge Receivership Date, the aggregate indebtedness owed by Genco Holdings and Genco Walden to Maynbridge Capital Inc. ("Maynbridge"), the primary secured creditor respecting the real property at 608 and Walden, totalled approximately $18.3 million.

19. Maynbridge applied to this Honourable Court for an Order appointing EYI as receiver and manager, to exercise the powers and duties pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 and section 13(2) of the *Judicature Act,* R.S.A. 2000 c. J-2, of all of the current and future assets, undertakings and properties and every kind whatsoever, and wherever situate, including all proceeds thereof of Genco Walden and Genco Holdings, excluding the Remaining Unsold Units subject to the HSBC Receivership Order and certain real

property of Genco Holdings municipally located at 1108 – 4th Street SW, Calgary, Alberta and real property referred to as the "160 Acre Lands" (as described in the Maynbridge Receivership Order).

20. Additional information on Genco is available on the Receiver's website at www.ey.com/ca/genco.

TERMS OF REFERENCE AND DISCLAIMER

21. In preparing this First Report, the Receiver has relied upon unaudited financial information, Genco's records, and discussions with management of Genco. The Receiver has not performed an audit, review or other verification of such information.

22. Capitalized terms not otherwise defined in this First Report are as defined in the HSBC Receivership Order or the Maynbridge Receivership Order.

23. All references to dollars are in Canadian currency unless otherwise noted.

ACTIVITIES OF THE RECEIVER

24. Since its appointment, the Receiver's primary goals have been to ensure the Properties are insured and secured, to retain a selling agent to market and sell the Properties and to formulate a sales strategy in that regard, and to complete the tasks necessary to market and sell the Properties.

25. The various steps the Receiver has taken to-date to affect the custody and control of the Properties are set out as follows:

   a) attendance at the Remaining Unsold Units, 608 and Walden for purposes of taking possession, including taking photographs and confirming security respecting the Properties;

   b) confirming the existence of insurance;

      i. the Remaining Unsold Units are insured through the Condo Corp. under McCOR's blanket insurance policy. Types of insurance include property insurance in the amount of $27.0 million plus gross rentals of $1.1 million, commercial general liability insurance, and umbrella insurance.;

      ii. 608 is also insured through McCOR's blanket insurance policy. Types of insurance include property insurance in the amount of $1.5 million, commercial general liability insurance, and umbrella insurance; and

iii. Walden’s insurance is covered under a policy obtained by Condominium Plan No. 1711606 and includes property insurance in the amount of $13.4 million, equipment breakdown insurance in the amount of $13.0 million, liability insurance and directors and officers’ liability insurance;

c) engaging the McCOR to continue as property manager of both 634 and 608;

d) the Receiver contacted and provided banking information for its trust account to the Walden tenants and owner of the second floor of Walden Square, with respect to the collection of monthly rent and operating costs, respectively;

e) the Receiver separately issued notice of the HSBC Receivership Order and the Maynbridge Receivership Order to the known creditors of Genco Holdings and Genco Walden, in accordance with subsections 245(1) and 246(1) of the *Bankruptcy and Insolvency Act;*

f) the Receiver sent requests for proposals to 12 commercial real estate brokerages and consulting firms requesting proposals (each, a “Proposal”) to market and monetize the Properties; and

g) the Receiver engaged the Transaction Real Estate group within Ernst & Young Orenda Corporate Finance Inc. (“EY TRE”) to perform a comprehensive valuation of the Properties for the purpose of determining whether to use listing prices for each of the Properties and assessing the reasonability of offers received on the Properties.

26. Additionally, with respect to 608, due to the state of the condemned building, the Receiver contacted and engaged the provider of mobile security patrols to ensure the continued security of the Building, including that no individuals could inappropriately gain access to the Building. The Receiver also contacted the vendor responsible for providing security fencing around 608 to ensure the fencing remains in place during the receivership.

27. The Receiver contacted and is in the process of engaging engineering and surveying consultants for purposes of ensuring the 608 Building remains structurally sound during the Sale Process and to be implemented during the receivership Sale Process. The Receiver has solicited proposals from 3 qualified engineers with offices in Calgary, Alberta, and anticipates retaining an engineer in mid-June 2019.

28. The Receiver also contacted the City of Calgary to advise of the Maynbridge Receivership Order.

29. The Receiver met with the second secured lender respecting the Remaining Unsold Units, Bancorp Financial Services Inc. (“Bancorp”), on May 21, 2019 and discussed the steps and activities of the Receiver since the HSBC Receivership Date.

VALUATION

30. The Receiver is in possession of, and has reviewed, an appraisal commissioned by Genco Holdings respecting the Remaining Unsold Units with an effective date of August 3, 2018, an appraisal commissioned by Genco Holdings respecting 608 with an effective date of December 17, 2017, and an appraisal commissioned by Genco Walden respecting Walden with an effective date of May 23, 2017 (collectively, the "Appraisals").

31. The Appraisals are outdated and do not reflect changes to the Calgary commercial real estate market since the effective date they were prepared. To obtain a more accurate representation of the market value of each of the Properties and assist with determining list prices for the Remaining Unsold Units and assessing the reasonableness of offers to purchase the Properties, the Receiver believed it was necessary to obtain an updated, independent valuation from a reputable commercial real estate valuator.

32. EY TRE is conducting an independent valuation of each of the Properties and delivering a report on its findings to the Receiver (the "Valuation Report"). The Receiver expects to receive the Valuation Report from EY TRE on or before June 5, 2019.

RETENTION OF A SELLING AGENT

33. Pursuant to the HSBC Receivership Order and the Maynbridge Receivership Order, the Receiver is authorized to market and sell, convey, transfer, lease or assign the Properties, subject to the approval of this Honourable Court. In this regard, the Receiver was of the view that it was necessary to retain the services of a commercial real estate broker to extensively market the Properties, with the goal of achieving maximum realizations for all stakeholders.

34. On or about April 17, 2019, the Receiver sent out a request for proposal ("RFP") to 12 commercial real estate brokerages and consulting firms (the "Brokers") to act as the Selling Agent for the Properties. The RFP requested that the Brokers outline in their Proposal as to how the Properties would be marketed and sold, including the sales strategy they would implement (i.e. bid date versus no bid date, list prices versus no list prices, etc.) and timeline thereof. The deadline for Brokers to deliver a Proposal to the Receiver was 5:00 P.M. (Calgary time) on April 29, 2019.

35. The Receiver received Proposals from six commercial brokers and believes that all Brokers that submitted a Proposal to market and monetize the Properties were qualified to undertake such an engagement.

36. The selection of the proposed Selling Agent was based on, but not limited to, the Selling Agent's:

a) industry experience, including experience in receivership and other court-approved sales processes;

b) credentials in selling commercial real estate with a high degree of complexity, including experience in each of the asset classes included in the portfolio of the Properties (i.e. retail strip mall and professional building, vacant building and development site, and unfinished commercial condominiums);

c) reputation within the local commercial real estate industry;

d) pre-marketing preparation and general understanding of the Properties;

e) recommended marketing approach in selling the Properties;

f) proposed fee and cost structure; and

g) proposed timeline to market and successfully monetize the Properties.

37. The Receiver reviewed each of the Proposals received and sought comments and input from HSBC and Maynbridge.

38. The Receiver retained Cushman & Wakefield ULC ("C&W") as its Selling Agent to market and sell the Properties in the Sale Process. Both HSBC and Maynbridge supported the selection of C&W as the Selling Agent.

39. In summary, C&W's role in relation to the Properties will be to develop and implement, with the assistance of the Receiver, a sales strategy respecting the Properties, including:

a) developing an effective pre-marketing preparation process;

b) assisting the Receiver in developing and executing a successful marketing and sales process in determining how to best maximize realizations of the Properties through marketing the Properties solely *en bloc*, each of the Properties individually, or a combination thereof;

c) exposing the Properties to the market with a carefully managed, transparent and competitive process; and

d) setting and adhering to an effective timeline for the sales strategy.

40. C&W's fee as Selling Agent is equal to 2.00% plus applicable taxes of the selling price of the Properties.

41. With respect to Walden, given interested parties had submitted letters of intent and other forms of non-binding offers prior to the Maynbridge Receivership Date, C&W would be entitled to a fee of 1.00% plus applicable taxes in the event one of the parties that previously submitted a non-binding offer ultimately closed a sale respecting Walden.

42. With respect to the Remaining Unsold Units, an additional 1.00% fee plus applicable taxes is added if an outside brokerage represents the successful purchaser, bringing the total fee on sales of the Remaining Unsold Units to 3.00% plus applicable taxes.

43. C&W's fee includes all direct marketing and promotional costs and travel. No costs incurred by C&W will be charged to Genco or Genco Walden during the receivership.

SALE PROCESS RESPECTING 608 AND WALDEN

44. The Receiver, in consultation with the Selling Agent has developed a process to solicit offers to market and sell 608 and Walden through a formal, deadline-based sales process (the "608/Walden Sale Process"). A copy of the 608/Walden Sale Process is attached hereto as Appendix "A".

45. The processes to be followed under the 608/Walden Sale Process are consistent between 608 and Walden. Therefore, the Receiver has referred to these parties as the "Vendor", and the 608 APA and Walden APA as the "APA", when describing the key terms of the 608/Walden Sale Process.

46. The following is a summary of the key steps to be undertaken in the proposed 608/Walden Sale Process:

a) the Selling Agent, in consultation with the Receiver, will prepare (1) a non-confidential teaser letter (the "Teaser Letter") describing the opportunity to acquire 608 and/or Walden the and inviting recipients of the Teaser Letter to express their interest pursuant to the 608/Walden Sale Process, (2) a non-disclosure agreement (the "NDA"), and (3) a confidential information memorandum ("CIM"). The Teaser and NDA will be made available by the Selling Agent to prospective purchasers and will be posted on the Receiver's website as soon as practicable following Court approval of the 608/Walden Sale Process;

b) the Selling Agent shall populate an electronic data room with all required due diligence material;

c) as soon as reasonably practical after the approval of the 608/Walden Sale Process, advertisement of the 608/Walden Sale Process will be published in the Calgary Herald and a press release will be issued describing the 608/Walden Sale Process with Canada Newswire;

d) the Selling Agent shall will release the Teaser Letter and any other electronic or print marketing materials (e.g. a brochure) to it proprietary list of investors and other interested third parties. The Selling Agent will collaborate within the global C&W community as well as with other third party, local brokerages;

e) all potential bidders that have executed a non-disclosure agreement (each, a "Qualified Bidder") pursuant to the 608/Walden Sale Process will be provided with:

   i. the CIM;

   ii. access to the Data Room;

   iii. access to any further due diligence materials as deemed appropriate by the Selling Agent and the Receiver; and

   iv. a template form of asset purchase agreement ("APA"), prepared by the Receiver, to be submitted by Qualified Bidders as their Final Bid.

f) the deadline for receipt, by the Receiver, of final binding offers to purchase ("Final Bid") in the form of the APA will be 12:00 p.m. Calgary time on August 16, 2018 ("Final Bid Deadline"). Qualified Bidders are further required to submit a blackline identifying changes to the APA submitted with their Final Bid; and

g) immediately following the Final Bid Deadline, the Receiver, in consultation with the Selling Agent and Maynbridge, will review the Final Bids to assess whether any of the Final Bids constitute a qualified bid as set out in the 608/Walden Sale Process (a "Qualified Bid");

47. If a Qualified Bid is received prior to the Final Bid Deadline and deemed by the Receiver, in consultation with the Selling Agent and Maynbridge, to be credible, reasonably certain and a financially viable third party offer for the acquisition of 608 and/or Walden, the Receiver will have the right to accept the offer prior to the Final Bid Deadline and seek this Court's approval of the offer.

48. The Receiver is of the view that the right to accept binding offers prior to the Final Bid Deadline is fair in the circumstances, as the Properties were publicly marketed by AY for a significant period of time prior to the Receivership Date. Furthermore, the Receiver will be relying upon the Valuation Report to assess the reasonability of offers received in the 608/Walden Sale Process and all offers will be subject to this Court's approval.

49. The 608/Walden Sale Process is based upon an established form of sales process in similar formal insolvency filings that provides a fair and transparent process for participants and is designed to maximize value for stakeholders.

50. The Receiver believes that initiating the 608/Walden Sale Process at this time, and the proposed timelines, are appropriate in the circumstances. In particular, the Receiver is satisfied that the proposed timelines will allow arm's-length market participants sufficient time to assess the opportunity to purchase 608 and/or Walden and submit a binding offer of purchase.

51. The Receiver expects the proposed Selling Agent to formally launch the 608/Walden Sale Process immediately following Court approval and the Receiver will seek Court approval for any purchase and sale agreements entered into to sell the Properties.

52. Maynbridge was consulted and supports the 608/Walden Sale Process.

SALE PROCESS RESPECTING THE REMAINING UNSOLD UNITS

53. The Receiver anticipates the Remaining Unsold Units will be listed individually with an option for interested parties to submit an *en bloc* offer to purchase all of the Remaining Unsold Units. The Receiver will rely upon his authority under the Receivership Order to, along with the Selling Agent market and sell the Remaining Unsold Units in this manner (the "Remaining Unsold Units Sale Process").

54. The Receiver expects the proposed Selling Agent to formally launch the Remaining Unsold Units Sale Process immediately following Court approval, and the Receiver will seek Court approval for any purchase and sale agreements entered into to sell the Properties.

55. HSBC was consulted and supports the Remaining Unsold Units Sale Process.

LIST PRICES

56. List prices in both the 608/Walden Sale Process and the Remaining Unsold Units Sale Process will not be used for any of the Properties. The Properties will be marketed without list prices and any offers received for the Properties will be reviewed in consultation with the Selling Agent and

Maybridge or HSBC (as applicable), considering the valuation for each of the Properties as per the Valuation Report to be completed by TRE.

RECOMMENDATIONS

57. The Receiver respectfully recommends that this Honourable Court approve its actions to date as reported herein and the implementation of the 608/Walden Sale Process and the Remaining Unsold Units Sale Process.

Dated at Calgary, Alberta, this 3rd day of June, 2019.

ERNST & YOUNG INC.
in its capacity as
Receiver of the Properties

Peter Chisholm, CPA, CA, CIRP, LIT	Dylan Holwell, CPA
Vice President	Manager

APPENDIX "A"
SALES PROCESS

Introduction

All capitalized terms not defined herein shall take the meaning ascribed to them in the First Report to which this Appendix “A” is attached.

EYI was appointed Receiver of the property, assets and undertakings of Genco (Walden) Ltd. (“Genco Walden”) and Genco Holdings Ltd. (“Genco Holdings”) (together, “Genco”), excluding the certain assets described in the First Report, pursuant to a Receivership Order (the “Maynbridge Receivership Order”) dated April 5, 2019 (the “Maynbridge Receivership Date”).

The primary assets of Genco Walden include its interest in real property municipally located at 19605 Walden Blvd. SE, Calgary, Alberta, and any personal property related to it (“Walden”). The primary asset of Genco Holdings subject to the Maynbridge Receivership Order is its interest in real property municipally located at 608 – 7th Street SW, Calgary, Alberta, 735 – 6th Avenue SW, Calgary, Alberta and 739 – 6th Avenue SW, Calgary, Alberta, and any personal property related to it (collectively, “608”).

The Receiver retained Cushman & Wakefield ULC (the “Selling Agent”) as its Selling Agent to market Walden and 608 in accordance with the sale process described herein (the “608/Walden Sale Process”).

The Receiver, with the assistance of the Selling Agent, intends to conduct the 608/Walden Sale Process pursuant to approval of the Court granted by an Order dated June 10, 2019 (the "Sales Process Order"). Under the 608/Walden Sale Process, all qualified interested parties will be provided with an opportunity to participate in the 608/Walden Sale Process. The 608/Walden Sale Process is intended to solicit interest in a sale of 608 and Walden. This document outlines the steps to be undertaken in the 608/Walden Sale Process.

Opportunity and 608/Walden Sale Process Summary

1. The 608/Walden Sale Process is intended to solicit interest in, and opportunities for a sale of Walden and 608 (the "Opportunity").

2. Except to the extent otherwise set forth in a definitive sale with a successful bidder, any Binding Offer is on an "as is, where is" basis and without surviving representations or warranties of any kind, nature, or description by the Receiver or any of its respective affiliates, agents, advisors or estates, and, in the event of a sale, all of the right, title and interest of the Receiver in and to the Property to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests therein and thereon pursuant to Court Order, except as otherwise provided in such Court Order.

3. Solicitation of interest for Binding Offers will be on an unpriced basis whereby no set asking price will be stipulated.

Pre-Marketing

4. As soon as reasonably practicable, but in any event by no later than June 14, 2019:

   a) the Selling Agent, in consultation with the Receiver, will prepare: (i) a process summary (the "Teaser Letter") describing the Opportunity, outlining the 608/Walden Sale Process and inviting recipients of the Teaser Letter to express their interest to participate in the 608/Walden Sale Process and (ii) a non-disclosure agreement in form and substance satisfactory to the Receiver and its counsel (an "NDA") and a Confidential Information Memorandum ("CIM"). The CIM will specifically stipulate that the Receiver and the Selling Agent, and their respective advisors, make no representation or warranty as to the accuracy or completeness of the information contained in the CIM, the data room, or otherwise made available pursuant to the 608/Walden Sale Process or otherwise, except to the extent expressly contemplated in any definitive sale with a successful bidder ultimately executed and delivered by the Receiver;

   b) the Receiver and the Selling Agent will gather and review all required due diligence material to be provided to interested parties and, together with the Selling Agent, shall establish a secure, electronic data room (the "Data Room"), which will be maintained and administered by the Selling Agent during the 608/Walden Sale Process;

   c) the Receiver will develop a purchase and sale agreement for use during the 608/Walden Sale Process (the "Draft Purchase Agreement"), a copy of which will be placed in the Data Room;

   d) the Selling Agent will prepare a list of potential bidders, including (i) parties that have approached the Receiver or the Selling Agent indicating an interest in the Opportunity, and (ii) local, national and international strategic and financial parties who the Receiver and the Selling Agent believe may be interested in purchasing Walden and/or 608 pursuant to the 608/Walden Sale Process (collectively, "Known Potential Bidders").

Marketing

5. The Receiver will arrange for a notice of the 608/Walden Sale Process (and such other relevant information as the Receiver and Selling Agent consider appropriate) (the "Notice") to be published in the Calgary Herald and any other newspaper or journals as the Receiver and the Selling Agent consider appropriate, if any;

6. The Receiver will issue a press release with Canada Newswire setting out the information contained in the Notice and such other relevant information as the Receiver and the Selling Agent consider appropriate for dissemination in Canada;

7. The Selling Agent will send the Teaser Letter and NDA to all Known Potential Bidders, the Selling Agent's proprietary list of investors, the Selling Agent's global network and third-party local brokerages, and any other party responding to the Notice or press release as soon as reasonably practicable after such request or identification, as applicable.

8. The Selling Agent will send the CIM and grant access to the Data Room to those parties who have executed and delivered an NDA to the Receiver as soon as reasonably practicable after such request or identification, as applicable.

9. Requests for information and access will be directed to the Selling Agent or the Receiver, at the contact information listed in Schedule "A" hereto. All printed information shall remain the property of the Receiver and, if requested by the Receiver, shall be returned without further copies being made or directed to destroy with an acknowledgement that all such material has either been returned and/or destroyed and no electronic information has been retained.

10. Any party who expresses a wish to participate in the 608/Walden Sale Process (a "Potential Bidder") must, prior to being given any additional information such as the CIM and access to the Data Room, have provided or made available to the Receiver:

   (a) an NDA executed by it, and a letter setting forth the identity of the Potential Bidder, the contact information for such Potential Bidder, and full disclosure of the direct and indirect principals of the Potential Bidder, and

   (b) if requested by the Receiver, such form of financial disclosure and credit quality support or enhancement that allows the Receiver to make a reasonable determination as to the Potential Bidder's financial and other capabilities to consummate a Binding Offer (as defined below), as applicable.

11. If, in the opinion of the Receiver, acting reasonably, a Potential Bidder has delivered the documents contemplated in paragraph 10 above, then such Potential Bidder will be deemed to be a "Qualified Bidder".

Due Diligence

12. The Receiver and the Selling Agent shall in their reasonable business judgment and subject to competitive and other business considerations, afford each Qualified Bidder such access to due diligence materials through the Data Room and information relating to Walden and 608 as they deem appropriate. Due diligence access may further include presentations, on-site inspections, and other matters which a Qualified Bidder may reasonably request and to which the Receiver, in its reasonable business judgment, may agree. The Selling Agent will designate a representative to coordinate all reasonable requests for additional information and due diligence access from Qualified Bidders and the manner in which such requests must be communicated. Neither the Selling Agent nor the Receiver will be obligated to furnish any information relating to 608 or Walden to any person other than to Qualified Bidders.

FORMAL OFFERS AND SELECTION OF SUCCESSFUL BIDDER

Formal Binding Offers

13. Qualified Bidders that wish to make a formal offer to purchase 608 and/or Walden shall submit a sealed binding offer that complies with all of the following requirements to the Selling Agent and Receiver at the addresses specified in Schedule "A" hereto (including by email or fax transmission), so as to be received by them not later than 5:00 PM (Calgary time) on August 16, 2019 (the "Final Bid Deadline"):

    (a) cash is the preferred form of consideration, but if the bid utilizes other consideration, a description of the material terms of the consideration shall be provided;

    (b) the bid is an offer to purchase 608 and/or Walden on terms and conditions acceptable to the Receiver;

    (c) unless otherwise agreed, the bid shall take the form of the Draft Purchase Agreement and shall include a letter stating that the Qualified Bidder's offer is irrevocable until the selection of the Successful Bidder (as defined below), provided that if such Qualified Bidder is selected as the Successful Bidder, its offer shall remain irrevocable until the closing of the transaction with the Successful Bidder;

    (d) the bid includes duly authorized and executed transaction agreements as listed in the Draft Purchase Agreement; including, but not limited to, the purchase price, investment amount and any other key economic terms expressed in Canadian dollars (the "Purchase Price"), together with all exhibits and schedules thereto, and the name or names of the ultimately beneficial owner(s) of the Qualified Bidder, including their respective percentage interests;

    (e) to the extent that a bid is conditional upon new or amended agreements being entered into with other parties, the interested parties shall provide the proposed terms of such amended or new agreements and identify how such agreements may differ from existing agreements to which Genco or Walden may be a party. A Qualified Bidder's willingness to proceed without such conditions and, where such conditions are included in the bid, the likelihood of satisfying such conditions shall be an important factor in evaluating the bid;

    (f) the bid includes written evidence of a firm, irrevocable commitment for financing or other evidence of ability to consummate the proposed transaction that will allow the Receiver to make a determination as to the Qualified Bidder's financial and other capabilities to consummate the proposed transaction;

    (g) the bid should not be conditioned on the outcome of unperformed due diligence by the Qualified Bidder;

    (h) its ability to obtain, and method, of financing the transaction, the timetable for obtaining financing and, if appropriate, the amount of senior debt, subordinated debt, equity and any other source of financing contemplated in the pro forma capital structure;

(i) the bid fully discloses the identity of each entity that will be entering into the transaction or the financing, or that is participating or benefiting from such bid;

(j) the bid includes a commitment by the Qualified Bidder to provide a non-refundable deposit in the amount of not less than 10% of the purchase price offered upon the Qualified Bidder being selected as the Successful Bidder, which shall be paid to Ernst & Young Inc. in Trust;

(k) the bid includes acknowledgments and representations of the Qualified Bidder that: (i) it has had an opportunity to conduct any and all due diligence regarding the property prior to making its offer; (ii) it has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the property in making its bid; and (iii) it did not rely upon any written or oral statements, representations, warranties, or guarantees whatsoever made by the Receiver or the Selling Agent, whether express, implied, statutory or otherwise, regarding the property or the accuracy or completeness of any information provided in connection therewith, except as expressly stated in the definitive purchase agreement signed by the Receiver;

(l) all required corporate approvals of the Qualified Bidder will have been obtained prior to the submission of the bid;

(m) the bid shall identify any material conditions in favour of the purchaser to be resolved prior to closing the transaction;

(n) the bid is received by the relevant Final Bid Deadline; and

(o) the bid contemplates a schedule for closing the transaction.

14. The Receiver may waive strict compliance with any one or more of the requirements specified above and deem such non-compliant bids to be a Qualified Bid.

15. The Receiver shall have the right to remove all or part of 608 and/or Walden from the 608/Walden Sale Process at its discretion.

16. If the Receiver is not satisfied with the number or terms of the Qualified Bids, the Receiver may seek Court approval of an amendment to the 608/Walden Sale Process to extend the Final Bid Deadline.

17. The Receiver may terminate, at any time, further participation in the 608/Walden Sale Process by any interested party, or to modify dates or procedures as deemed appropriate or necessary, or to terminate the 608/Walden Sale Process in its entirety.

Evaluation of Competing Bids

18. A Qualified Bid will be evaluated, even before the Final Bid Deadline, based upon several factors, including, without limitation, items such as the Purchase Price and the net value and form of consideration to be paid provided by such Qualified Bid, the identity, circumstances and ability of the Qualified Bidder to successfully complete such transactions, including any conditions attached to the Qualified Bid and the expected feasibility of such conditions, the proposed transaction documents, including any deviations from the Draft Purchase Agreement, factors affecting the speed, certainty and value of the transaction, the assets included or excluded from the bid, any related restructuring costs, and the likelihood and timing of consummating such transactions, and the ability of the bidder to finance and ultimately consummate the proposed transaction within the timeline established by the Receiver.

Selection of Successful Bid

19. The Receiver: (a) will review and evaluate each Qualified Bid, in consultation with the Selling Agent and Maynbridge, and (b) identify the highest or otherwise best bid (the "Successful Bid"), and the Qualified Bidder making such Successful Bid (the "Successful Bidder") for 608 and/or Walden. The determination of any Successful Bid by the Receiver shall be subject to approval by the Court.

20. Notwithstanding the Final Bid Deadline, if a Qualified Bid is received prior to the Final Bid Deadline and deemed by the Receiver, in consultation with the Selling Agent and Maynbridge, to be credible, reasonably certain and a financially viable third party offer for the acquisition of 608 and/or Walden, the Receiver will have the right to accept the offer prior to the Final Bid Deadline and seek this Court's approval of the offer.

21. The Receiver shall have no obligation to enter into a Successful Bid, and its reserves the right to reject any or all Qualified Bids.

Sale Approval Application

22. At the hearing of the application to approve any transaction with a Successful Bidder (the "Sale Approval Application") the Receiver shall seek, among other things, approval from the Court to consummate any Successful Bid. All the Qualified Bids other than the Successful Bid, if any, shall be deemed rejected by the Receiver on and as of the date of approval of the Successful Bid by the Court.

Confidentiality and Access to Information

23. Participants and prospective participants in the 608/Walden Sale Process shall not be permitted to receive any information that is not made generally available to all participants relating to the number or identity of Potential Bidders, Qualified Bidders, Qualified Bids, the details of any bids submitted or the details of any confidential discussions or correspondence between the Receiver and such other bidders or Potential Bidders in connection with the 608/Walden Sale Process.

Supervision of the 608/Walden Sale Process

24. The Receiver and Selling Agent will participate in the 608/Walden Sale Process in the manner set out in this 608/Walden Sale Process and the 608/Walden Sale Process Order and are entitled to receive all information in relation to the 608/Walden Sale Process.

25. This 608/Walden Sale Process does not, and will not be interpreted to, create any contractual or other legal relationship between the Receiver or Selling Agent and any Qualified Bidder, any Qualified Bidder or any other party, other than as specifically set forth in a definitive agreement that may be signed with the Receiver and approved by the Court.

26. Without limiting the preceding paragraph, the Receiver shall not have any liability whatsoever to any person or party, including without limitation any Potential Bidder, Qualified Bidder, the Successful Bidder, or any other creditor or other stakeholder of Genco and Walden, for any act or omission related to the process contemplated by this 608/Walden Sale Process, except to the extent such act or omission is the result from gross negligence or willful misconduct of the Receiver. By submitting a bid, each Qualified Bidder or Successful Bidder shall be deemed to have agreed that it has no claim against the Receiver for any reason whatsoever, except to the extent such claim is the result from gross negligence or willful misconduct of the Receiver.

27. Participants in the 608/Walden Sale Process are responsible for all costs, expenses and liabilities incurred by them in connection with the submission of any Qualified Bid, due diligence activities, and any further negotiations or other actions whether or not they lead to the consummation of a transaction.

28. The Receiver shall have the right to modify the 608/Walden Sale Process and the deadlines set out herein if, in its reasonable business judgment, such modification will enhance the process or better achieve the objectives of the 608/Walden Sale Process.

Schedule "A"

Selling Agent:

Cushman & Wakefield
250 6th Avenue SW, Suite 2400
Calgary, Alberta
T2P 3H7

Attention:	Marc Rosso
Phone:	(403) 261-1127
E-mail:	marc.rosso@ca.cushwake.com

Receiver:

Ernst & Young Inc.
2200, 215-2nd Street, SW
Calgary, Alberta
T2P 1M4

Attention:	Dylan Holwell
Phone:	(403) 206-5431
E-mail:	dylan.holwell@ca.ey.com