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JUDICIAL CENTRE OF CALGARY
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COURT FILE NUMBER	2001-05123
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
APPLICANTS	CONNECT FIRST CREDIT UNION LTD., as the successor in interest to FIRST CALGARY SAVINGS & CREDIT UNION LTD. and FIRST CALGARY FINANCIAL CREDIT UNION LIMITED
RESPONDENTS	WILLOW PARK LIMITED PARTNERSHIP, WILLOW PARK CAPITAL CORP., WESLEY CHURCH BUILDING LIMITED PARTNERSHIP, WESLEY CHURCH BUILDING INC., PARAMOUNT BUILDING LIMITED PARTNERSHIP and PARAMOUNT BUILDING LTD.
DOCUMENT	FIRST REPORT OF THE RECEIVER SEPTEMBER 28, 2020
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> MLT AIKINS LLP 2100 – 222 3RD Avenue SW Calgary, AB T2P 0B4 Attention: Ryan Zahara Telephone: (403) 693-5420 Email: rzahara@mltaikins.com

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APPENDICES

INTRODUCTION

1. On December 10, 2019, IEC Ltd. Audeamus Capital Corp. and certain other affiliates and related entities (collectively, the "Applicants") that are members of the Strategic Group of Companies (the "Strategic Group") sought and obtained an order (the "Initial Order") granting an initial stay of proceedings (the "Stay") in favour of the Applicants pursuant to the Companies' Creditors Arrangement Act, R.S.C. 1985, C-36, as amended (the "CCAA").

2. The Initial Order appointed Hardie & Kelly Inc. as monitor in the CCAA proceedings (the "CCAA Proceedings") and provided limited relief to the Applicants, including, but not limited to, the Stay in favour of the Applicants and their assets through to December 20, 2019. The Initial Order also provided a Stay in favour of the limited partnerships whose general partners are Applicants.

3. On December 20, 2019 (the "Interim Receivership Date"), this Honourable Court granted an order (the "Interim Receivership Order") pursuant to section 47(1) of the Bankruptcy and Insolvency Act, RSC 1985, c B-3, section 13(2) of the Judicature Act, RSA 2000, c J-2, and section 49(2) of the Law and Property Act, RSA 2000, c L-7. The Interim Receivership Order appointed Alvarez and Marsal Canada Inc., LIT as interim receiver and manager (the "Interim Receiver"), without security, of the assets of the Applicants and the Stay LPs (the "Interim Receivership Proceedings").

4. Ernst & Young Inc. ("EYI") was appointed receiver (the "Receiver") of the property, assets and undertakings of Willow Park Limited Partnership ("Willow Park LP") and Willow Park Capital Corp. ("Willow Park GP") (together, "Willow Park"), Paramount Building Limited Partnership ("Paramount LP") and Paramount Building Ltd. ("Paramount GP") (together, "Paramount"), and Wesley Church Building Limited Partnership ("Wesley Church LP") and Wesley Church Building Inc. ("Wesley Church GP") (together, "Wesley Church"), pursuant to an Order (the "Receivership Order") of this Honourable Court dated April 14, 2020 (the "Receivership Date").

5. Willow Park, Paramount and Wesley Church are collectively referred to herein as the "Debtors". The Debtor's primary assets include their respective interests in real property located in Calgary, Alberta.

6. The Willow Park Property, the Paramount Property and the Wesley Church Property (each as defined later in this First Report) are collectively referred herein as the "Properties".

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

8. 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 Receivership Date, including a statement of receipts and disbursements in respect of each of the Debtors;

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

c) the Receiver's request to issue interim distributions to Connect First of the Willow Park Net Rents (as defined later in this First Report);

d) the Receiver's request for authorization to increase the Receiver's Borrowings Charge from an aggregate amount of $500,000 to $1.0 million; and

e) the Receiver's recommendations.

BACKGROUND

9. Willow Park GP, Paramount GP and Wesley Church GP are corporations incorporated pursuant to the laws of the Province of Alberta with registered offices in Calgary, Alberta. The Debtors are beneficial owners and operators of commercial real estate property located in Calgary, Alberta.

Willow Park Limited Partnership and Willow Park Capital Corp.

10. Willow Park GP is the registered owner of a commercial property municipally located at 10325 Bonaventure Drive SE, Calgary, Alberta (the "Willow Park Property"). Willow Park LP is the beneficial owner of the Willow Park Property.

11. Willow Park and Connect First Credit Union Ltd. ("Connect First"), which is the successor of First Calgary Savings & Credit Union Ltd. and First Calgary Financial Credit Union Limited (together, "First Calgary"), entered into a commitment letter dated May 22, 2009, as amended, pursuant to which Connect First agreed to advance $16.0 million to Willow Park by way of a mortgage (the "Willow Park Mortgage"). The Willow Park Mortgage is guaranteed by Riaz Mamdani (founder and chief executive officer of the Strategic Group), as guarantor, to and in favour of Connect First.

12. Connect First also has an assignment of rents and leases registered on title to the Willow Park Property, as well as a general security agreement granted by Willow Park GP in favour of Connect First.

13. As at the Interim Receivership Date, Willow Park was indebted to Connect First in the amount of approximately $11.1 million plus interest accruing thereafter, exclusive of enforcement expenses, legal fees and other out of pocket costs and disbursements (the "Willow Park Indebtedness").

14. Computershare Trust Company of Canada ("Computershare"), as mortgage custodian on behalf of Trez Capital Limited Partnership, has a mortgage registered against the Willow Park Property that ranks subordinate to the mortgage registered by Connect First (the "Computershare Mortgage"). As at the Interim Receivership Date, Willow Park was indebted to Computershare, as mortgage custodian, in the amount of approximately $4.5 million.

Wesley Church Building Limited Partnership and Wesley Church Building Inc.

15. Wesley Church GP is the registered owner of a commercial property municipally located at 1315 – 7th Street SW, Calgary, Alberta (the "Wesley Church Property"). Wesley Church LP is the beneficial owner of the Wesley Church Property.

16. Wesley Church and Connect First, as successor of First Calgary, entered into a commitment letter dated June 21, 2007 and a renewal offer letter dated October 30, 2012, pursuant to which Connect First agreed to advance $670,000 to Wesley Church by way of a mortgage (the "Wesley Church Mortgage"). The Wesley Church Mortgage is guaranteed by Riaz Mamdani (founder and chief executive officer of the Strategic Group), as guarantor, to and in favour of Connect First.

17. Connect First is the only party with a mortgage, an assignment of rents and leases and a specific security agreement registered on title to the Wesley Church Property. As at the Interim Receivership Date, Wesley Church was indebted to Connect First in the amount of approximately $341,000 plus interest accruing thereafter, exclusive of enforcement expenses, legal fees and other out of pocket costs and disbursements (the "Wesley Church Indebtedness").

Paramount Building Limited Partnership and Paramount Building Ltd.

18. Paramount GP is the registered owner of a commercial property municipally located at 1011 – 1st Street SW, Calgary, Alberta (the "Paramount Property"). Paramount LP is the beneficial owner of the Paramount Property.

19. Paramount and Connect First, as successor of First Calgary, entered into a commitment letter dated September 20, 2012 and a renewal offer letter dated April 25, 2018, pursuant to which Connect First agreed to advance $9.25 million to Paramount by way of a mortgage (the "Paramount Mortgage"). The Paramount Mortgage is guaranteed by IE Corp., as corporate guarantor, and Riaz Mamdani (founder and chief executive officer of the Strategic Group), as personal guarantor, to and in favour of Connect First.

20. Connect First is the only party with a mortgage, an assignment of rents and leases and a general security agreement registered on title to the Paramount Property. As at the Interim Receivership Date, Paramount was indebted to Connect First in the amount of approximately $5.3 million, plus interest accruing thereafter, exclusive of enforcement expenses, legal fees and other out of pocket costs and disbursements (the "Paramount Indebtedness").

Receivership Application

21. Connect First applied to this Honourable Court for an Order appointed EYI as receiver and manager to exercise the powers and duties set out in the Receivership Order, pursuant to section 243(1) of the Bankruptcy and Insolvency Act, RSC 1985, c B-3, section 13(2) of the Judicature Act, R.S.A. 2000, c J-2, section 99(a) of the Business Corporations Act, R.S.A. 2000, c B-9 and section 65(7) of the Personal Property Security Act, R.S.A. 2000, c P-7, without security, of the Debtors' right, title and interest in the Properties.

22. Pursuant to the Interim Receivership Order, EYI's appointment as the Receiver of the Debtors became effective upon Connect First filing a Termination Certificate (as defined in the Interim Receivership Order) with this Honourable Court. Connect First filed the Termination Certificate with this Honourable Court on May 4, 2020.

23. Additional information is available on the Receiver's website as follows:

a) Willow Park - www.ey.com/ca/willowpark

b) Paramount - www.ey.com/ca/paramountbuilding

c) Wesley Church - www.ey.com/ca/wesleychurch

TERMS OF REFERENCE AND DISCLAIMER

24. In preparing this First Report, the Receiver has relied upon certain unaudited, draft, and/or internal financial information prepared by the Debtor's representatives, the Debtor's books and records, and publicly available information filed in the CCAA Proceedings and Interim

Receivership Proceedings. The Receiver has not performed an audit, review or other verification of such information.

25. Capitalized terms not otherwise defined in this First Report are as defined in the Receivership Order.

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

ACTIVITIES OF THE RECEIVER

27. Since its appointment, the Receiver's primary goals have been to ensure the Properties are insured and secured, to retain a property manager to manage the Properties on the Receiver's behalf, 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.

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

   a) advising the Interim Receiver of the Receivership Order and filed Termination Certificate and facilitating transfer of the receivership mandate to EYI, including facilitating the transfer of funds held by the Interim Receiver on behalf of the Debtors to the Receiver's segregated trust accounts established for each of the Debtors, as applicable;

   b) confirming the existence of insurance and notifying the Debtors' insurance broker of EYI's appointment as the Receiver, including having the Receiver added as an additional insured and loss payee to the respective policies;

      i. At the Receivership Date, the Properties were insured through the Strategic Group's blanket insurance policy, which expired May 31, 2020; and

      ii. The Receiver identified an alternative insurance policy for purposes of the renewal and has appropriate insurance in place through June 1, 2021.

   c) engaging Colliers Macaulay Nicolls Inc. ("Colliers") to manage the Properties on behalf of the Receiver. Colliers was previously retained by the Interim Receiver to manage the Properties during the Interim Receivership Proceedings;

   d) in consultation with EY Transaction Real Estate and Colliers, completing asset stabilization activities related to each of the Properties, including review of tenant leases and communications with financially distressed tenants. For the Willow Park Property and the Paramount Property, the Receiver successfully applied for the Federal Government's

Canada Emergency Commercial Rent Assistance ("CECRA") program. Under the CECRA program, the Receiver (as landlord) is eligible to receive a forgivable loan of 50% of the gross rent owing from eligible tenants for the months of April to September 2020, with the respective eligible tenant paying 25% of gross rent during that month and the Receiver (as landlord) forgiving 25% of the gross rent owing by the eligible tenant over the same period;

e) engaging CMN Calgary Inc. ("Colliers Leasing") to act as the Receiver's exclusive office and retail leasing agent for each of the Properties, as applicable, which services include identifying new tenants for vacancies and assisting existing tenants with lease renewals and extensions, amongst others. Colliers Leasing was also previously retained by the Interim Receiver to assist with leasing activities for the Properties during the Interim Receivership Proceedings; and

f) the Receiver separately issued notice of the Receivership Order to known creditors of each of the Debtors, in accordance with subsections 245(1) and 246(1) of the Bankruptcy and Insolvency Act.

Statement of Receipts and Disbursements

29. The Receiver has prepared a statement of receipts and disbursements for each of the Debtors, from the Receivership Date through to the date of this First Report (the "Reporting Period").

30. Exhibit 1.0 below provides a summary of the receipts and disbursements for Willow Park (the "Willow Park R&D") during the Reporting Period:

Willow Park — Exhibit 1.0
Statement of Receipts and Disbursements
$CAD, unaudited

	Notes	
Receipts		
Rental income	a	549,650
Advances of net rents from Interim Receiver	b	583,855
CECRA program funding	c	-
Total receipts		1,133,505
Disbursements		
Operating costs, utilities, property management and other expenses	d	(165,459)
Insurance	e	(33,341)
Property taxes	f	(198,133)
Capital expenditures		-
Professional fees	g	-
Advance to Wesley Church	h	(59,767)
Total disbursements		(396,933)
Operating cash flows		736,572
Receiver's Borrowings		-
Ending cash balance		736,572

31. Notes to the Willow Park R&D are as follows:

a) Rental income of $550,000 was collected during the Reporting Period;

b) The Interim Receiver transferred approximately $584,000 to the Receiver's trust account established for Willow Park, representing net rents held by the Interim Receiver and collected during the Interim Receivership Proceedings;

c) The Receiver (as landlord) applied for the CECRA program related to certain financially distressed and eligible tenants at the Willow Park Property. The Receiver has received confirmation that its CECRA application was accepted in respect of the Willow Park Property, and the Receiver is awaiting receipt of approximately $71,000 of CECRA program funds;

d) Operating costs, utilities, property management and other expenses incurred at Willow Park totalled $165,000 during the Reporting Period;

e) The Receiver paid approximately $33,000 during the Reporting Period to settle the 2020/2021 insurance premium for Willow Park;

f) The Receiver remitted payment to the City of Calgary in the amount of $198,000 to settle 2020 property taxes owing by Willow Park;

g) No professional fees were paid during the Reporting Period; and

h) The Debtors existing insurance policy as at the Receivership Date expired on May 31, 2020. The Receiver arranged for an alternative insurance broker to provide insurance for the Debtors during the period of June 1, 2020 to May 31, 2020. As at the renewal date, Wesley Church did not have sufficient cash-on-hand to fund the annual premium associated with its renewal and approximately $60,000 was advanced by Willow Park to maintain insurance coverage over Wesley Church. Connect First has agreed to loan sufficient Receiver's Borrowings to the Receiver on behalf of Wesley Church to repay this advance.

32. Exhibit 2.0 below provides a summary of the receipts and disbursements for Paramount (the "Paramount R&D") during the Reporting Period:

Paramount Statement of Receipts and Disbursements $CAD, unaudited	Notes	Exhibit 2.0
Receipts		
Rental income	a	38,575
CECRA program funding	b	56,060
Total receipts		94,635
Disbursements		
Operating costs, utilities, property management and other expenses	c	(152,414)
Insurance	d	(23,114)
Property taxes	e	(138,808)
Advances to Interim Receiver	f	(100,000)
Capital expenditures		-
Professional fees	g	-
Total disbursements		(414,337)
Operating cash flows		(319,702)
Receiver's Borrowings	h	350,000
Ending cash balance		30,298

33. Notes to the Paramount R&D are as follows:

a) Rental income of approximately $39,000 was collected during the Reporting Period;

b) The Receiver (as landlord) applied to the CECRA program related to certain financially distressed and eligible tenants at the Paramount Property. The Receiver received confirmation that its CECRA application was accepted in respect of the Paramount Property, and on September 23, 2020, CECRA program funding of approximately $56,000 was received from the Federal Government;

c) Operating costs, utilities, property management fees and other expenses incurred at Paramount totalled $152,000 during the Reporting Period;

d) The Receiver paid approximately $23,000 during the Reporting Period to settle the 2020/2021 insurance premium for Paramount;

e) The Receiver remitted payment to the City of Calgary in the amount of $139,000 to settle 2020 property taxes owing by Paramount;

f) Connect First advanced $100,000 to the Receiver pursuant to the Receiver's Borrowings Charge, which was subsequently transferred to the Interim Receiver for purposes of settling accrued operating expenses and professional fees incurred during the Interim Receivership Proceedings;

g) No professional fees were paid during the Reporting Period; and

h) Connect First advanced a total of $350,000 to the Receiver under the Receiver's Borrowings Charge during the Reporting Period. Pursuant to the Receivership Order, the Receiver is authorized to borrow an aggregate of $500,000 under the Receiver's Borrowings Charge. As discussed later in this First Report, the Receiver is seeking this Honourable Court's approval of an increase to the Receiver's Borrowings Charge.

34. Exhibit 3.0 below provides a summary of the receipts and disbursements for Wesley Church (the "Wesley Church R&D") during the Reporting Period:

Wesley Church Statement of Receipts and Disbursements $CAD, unaudited	Notes	Exhibit 3.0
Receipts		
Rental income	a	56,262
Advances of net rents from Interim Receiver	b	40,831
Advances from Willow Park	c	59,767
Total receipts		156,860
Disbursements		
Operating costs, utilities, property management and other expenses	d	(22,465)
Insurance	e	(59,767)
Property taxes	f	-
Capital expenditures		-
Professional fees	g	-
Total disbursements		(82,232)
Operating cash flows		74,628
Receiver's Borrowings		-
Ending cash balance		74,628

35. Notes to the Wesley Church R&D are as follows:

a) Rental income of approximately $56,000 was collected during the Reporting Period;

b) The Interim Receiver transferred approximately $41,000 to the Receiver's trust account established for Wesley Church, representing net rents held by the Interim Receiver and collected during the Interim Receivership Proceedings;

c) The Receiver advanced $60,000 from its segregated trust account for Willow Park to its segregated trust account for Wesley Church, for purposes of facilitating payment of the

Wesley Church 2020/2021 insurance premium. Connect First has agreed to loan sufficient Receiver's Borrowings to the Receiver on behalf of Wesley Church to repay this advance;

The advance from Willow Park to Wesley Church will be repaid using net rents of the Wesley Church Property or from future borrowings under the Receiver's Borrowings Charge; and

d) Operating costs, utilities, property management fees and other expenses incurred at Wesley Church totalled approximately $22,000 during the Reporting Period.

SUMMARY OF PROPOSED SALES PROCESS

Overview of the Proposed Sales Process

36. The goal of the Sales Process is to maximize the value received in an orderly disposition of the Properties. The Receiver, in consultation with Ernst & Young Inc. Orenda Corporate Finance Inc. ("EY Transaction Real Estate") and Connect First, has developed the Sales Process to market and sell the Properties through a formal, two-phase, deadline-based process. A copy of the Sales Process is attached hereto at Appendix 'A'.

37. EY Transaction Real Estate is a national practice consisting of real estate professionals with a diverse set of competencies and expertise, including sales mandates involving distressed commercial real estate properties and Court-supervised sales processes.

Key Dates and Activities

38. Subject to this Honourable Court's approval of the Sales Process, the Receiver is proposing an official marketing launch on October 7, 2020 (the "Launch Date"), and a total ten-week period to canvass the market, solicit non-binding letters of intent, and have parties invited to Phase II (as discussed below) in order to complete further due diligence and solicit binding offers to purchase the Properties, whether individually or en bloc.

39. The Proposed Receiver will retain EY Transaction Real Estate to act as the selling agent in the Proposed Sales Process (the "Selling Agent").

40. The Sales Process involves the following steps (as more specifically described at Appendix 'A'):

a) Official Launch Date: Electronic distribution of a marketing teaser letter (the "Teaser") and non-disclosure agreement ("NDA") on the Launch Date. The Teaser will provide summary details on each of the Properties and will also include the process and timeline for submitting bids in the Sales Process;

b) Phase I Due Diligence: Interested parties that execute an NDA in a form satisfactory to the Proposed Receiver will receive a confidential information memorandum ("CIM") describing the opportunity and each of the Properties in further detail and access to a secure, electronic data room maintained by the Selling Agent containing confidential due diligence information. Interested parties that execute an NDA are referred to herein as "Phase I Bidders";

c) Phase I Submission Bid Date: The Receiver will prepare a form of non-binding letter of intent ("Non-Binding LOI") to be used by Phase I Bidders interested in submitting an offer to the Receiver to purchase the Properties, either individually or en bloc. Non-Binding LOIs submitted to the Receiver must be received by no later than 12:00 P.M. (Calgary time) on November 23, 2020 (the "Phase I Bid Deadline");

d) Selection of Phase II Qualified Bidders: On or before the date that is five (5) calendar days after the Phase I Bid Deadline, the Receiver and EY Transaction Real Estate will review the Non-Binding LOIs received and determine if there is one or multiple bids that are appropriate for further negotiation and/or completion of a transaction for the sale of the Properties, whether individually or en bloc. Parties submitting Non-Binding LOIs that are selected to move forward in the Proposed Sales Process are referred to as "Phase II Qualified Bidders";

e) Phase II Due Diligence: Allow each Phase II Qualified Bidder access to additional due diligence information, property tours and presentations, as required and as applicable, to satisfy due diligence requirements, up to the Phase II Bid Deadline (as defined below);

f) Phase II Submission Bid Date: The Receiver will prepare a form of purchase and sale agreement ("PSA") for use by Phase II Qualified Bidders in the submission of formal, binding offers to purchase each of the Willow Park Property, Wesley Church Property and Paramount Property. The Receiver will also prepare a form of PSA for use by Phase II Qualified Bidders in the submission of en bloc offers to purchase the Properties. The deadline for Phase II Qualified Bidders to submit a sealed, formal PSA (each, a "Binding Offer") to purchase the Properties, whether individually or in aggregate, will be 12:00 P.M. (Calgary time) on December 14, 2020 (the "Phase II Bid Deadline");

g) Deposit: Binding Offers submitted by Phase II Qualified Bidders are to include a commitment to provide a refundable deposit in the amount of not less than 10% of the purchase price offered (the "Deposit"). One half of the Deposit shall be payable upon submission of a Binding Offer to the Receiver. The second half of the Deposit shall be submitted to the Receiver upon a Phase II Qualified Bidder's Binding Offer being selected as the Successful

Bid (as defined below). The Deposit shall be applied against the purchase price set forth in the Successful Bid;

h) Selection of Successful Bid: On or before the date that is ten (10) business days after the Phase II Bid Deadline, the Receiver, in consultation with EY Transaction Real Estate, will identify the highest or otherwise best Binding Offer submitted and identify the successful bid(s) (the "Successful Bid(s)"), subject to Court approval;

i) Court Approval: Following selection of the Successful Bid(s), the Proposed Receiver anticipates seeking this Honourable Court's approval in January 2021 to enter into a purchase and sale agreement with the Phase II Qualified Bidder(s) that submitted the Successful Bid(s); and

j) Closing of a Transaction: After obtaining Court approval of the Successful Bid(s) and closing any transactions contained thereby, the Receiver and EY Transaction Real Estate will have completed the Sales Process.

41. The Sales Process is supported by Connect First, the first-ranking secured creditor to the Debtors. The Receiver obtained legal opinions from its independent legal counsel as to the validity and enforceability of the security granted by the Debtors to Connect First, which determined that Connect First holds a valid and enforceable first charge security over the Willow Park lands and leases (as discussed below in this First Report), the Paramount lands and leases and the Wesley Church lands and leases.

42. In the Receiver's view, the Sales Process is consistent with sales processes undertaken for real property in other recent formal insolvency proceedings, and will provide sufficient time for arm's length market participants to assess the opportunity to purchase the Properties, whether individually or en bloc, submit Non-Binding LOIs prior to the Phase I Bid Deadline and Binding Offers prior to the Phase II Bid Deadline.

EY Transaction Real Estate

43. The Proposed Sales Process includes three stages: (i) pre-marketing, (ii) marketing, and (iii) offer submission and evaluation (consisting of a two-phase, deadline-based process).

44. EY Transaction Real Estate's responsibilities during these three stages will include:

Pre-Marketing Stage

a) Reviewing supporting documents related to each of the Properties, including historical and forecasted financial data, appraisals, capital expenditures, environmental reports, lease agreements, etc.;

b) Conducting research over market trends, economic and demographic analysis, recent transactions and comparable properties;

c) Developing a list of parties which may be interested in acquiring the Properties based upon knowledge of the market and input from key stakeholders;

d) Developing comprehensive marketing materials for the Properties, including the Teaser and CIM;

e) Working with the Receiver and its legal counsel to prepare transaction documents, including templates for the NDA, Non-Binding LOI and PSA;

f) Setting up a virtual data room with relevant due diligence information on each of the Properties;

Marketing

g) Arranging for notice of the Sales Process to be published in the Calgary Herald and any other newspaper or journals deemed appropriate by the Receiver and EY Transaction Real Estate;

h) Issuing a press release with Canada Newswire setting out summary details of the Sales Process and each of the Properties;

i) Sending the Teaser and NDA to the final potential purchaser list;

j) Upon execution of an NDA, present the CIM in meetings with Phase I Bidders;

k) Managing the flow of information in the data room and responding to due diligence requests from Phase I Bidders;

l) Facilitating regular discussions and meetings with Phase I Bidders to maintain interest, including conducting property tours as requested;

Offer Submission and Evaluation: Phase I

m) Assisting the Receiver in reviewing Non-Binding LOIs received for the Properties, whether individually or en bloc, including the purchase price, terms and conditions and the financial capability and wherewithal of Phase I Bidders to consummate a transaction;

n) Assisting the Receiver in identifying a small number of the Non-Binding LOIs submitted to advance to Phase II of the Sales Process;

o) Preparing a bid process letter to be sent to Phase II Qualified Bidders, setting out the process for the submission of formal Binding Offers to purchase the Properties, whether individually or en bloc, and providing the template PSAs;

Offer Submission and Evaluation: Phase II

p) Assisting the Receiver in managing additional due diligence requests from Phase II Qualified Bidders;

q) Assisting the Receiver in reviewing the Binding Offers received, including negotiations with Phase II Qualified Bidders through to the selection of a Successful Bid(s);

r) Supporting the Receiver in finalizing and executing a formal PSA in respect of the Successful Bid(s), subject to Court approval; and

s) Supporting the Receiver through the closing process.

45. EY Transaction Real Estate's fees shall be a success fee, calculated as follows:

a) 2.0% of gross sale proceeds for any transacted amount up to $10.0 million;

b) 1.5% of gross sale proceeds for any transacted amount above $10.0 million, up to $20.0 million; and

c) 1.0% for any transacted amount over $20.0 million.

46. EY Transaction Real Estate’s fees as outlined above are to be calculated and payable based on the aggregate gross sales proceeds received for the disposition of all of the Properties.

47. In the event that a Phase II Qualified Bidder’s Binding Offer is identified as the Successful Bid, and that Phase II Qualified Bidder is represented by its own broker (the “Co-operating Brokerage”), an additional fee will be added and payable to the Co-operating Brokerage out of gross sale proceeds. EY Transaction Real Estate, in consultation with the Receiver and Connect First, and any Co-operating Brokerage, if applicable, will agree upon the additional fee that is payable to the Co-operating Brokerage (e.g. an additional fee of 1% of gross sale proceeds will be added and payable to the Co-Operating Brokerage).

48. In the Receiver's view, the EY Transaction Real Estate fee structure is consistent with industry standard for commercial real estate transactions.

INTERIM DISTRIBUTIONS

Willow Park Net Rents

49. Tenants leasing units at Willow Park remit monthly payments to settle their obligations for basic rent, operating costs, insurance and property taxes, in accordance with the individual lease agreements between each tenant and Willow Park.

50. Since the Receivership Date, the Receiver has collected rents and has used these funds for purposes of remitting payments to vendors who provide services to Willow Park, to settle the 2020/2021 insurance premium and 2020 property taxes owing to the City of Calgary.

51. The remaining funds held by the Receiver after payment of operating costs, insurance and property taxes are referred to as the "Willow Park Net Rents". The Receiver is holding the Willow Park Net Rents in its segregated trust account for Willow Park, pending further Order of this Honourable Court.

Independent Security Opinion

48. The Receiver has obtained an independent review (the "Security Opinion") from its legal counsel indicating that, subject to the customary assumptions and qualifications, the security granted by Willow Park to Connect First constitutes a valid and enforceable first charge security over the Willow Park lands and leases.

49. As at the Receivership Date, the Willow Park Indebtedness owing to Connect First was approximately $18.3 million, exclusive of enforcement expenses, legal fees and other out of pocket costs and disbursements.

50. As the Security Opinion indicated that Connect First has a valid and enforceable first charge security over the Willow Park lands and leases, the Receiver is of the view that Connect First is entitled to the Willow Park Net Rents.

51. As noted in the Willow Park R&D at Exhibit 1.0 earlier in this First Report, the Receiver is holding approximately $737,000 of Willow Park Net Rents as at the date of this First Report. After considering accrued and unpaid expenditures and including a reserve to fund continued

operations at the Willow Park Property, the Receiver is proposing to immediately distribute an amount up to $500,000 to Connect First, subject to the approval of this Honourable Court.

52. The Receiver is also proposing to make interim distributions to Connect First of the Willow Park Net Rents, from time to time as and when it sees fit. The amount of each interim distribution made by the Receiver to Connect First will be determined based on the Receiver's professional judgment and considering the forecasted funds to be collected from tenants and expected distributions to vendors related to services performed at Willow Park during the Receivership Period.

53. The Receiver will maintain a sufficient reserve to fund the remaining administration of the Willow Park receivership and operations of the Willow Park Property.

INCREASED RECEIVER'S BORROWINGS CHARGE

54. The Receivership Order authorized the Receiver to borrow by way of a revolving credit or otherwise, amounts the Receiver considers necessary or desirable, provided that the outstanding principal amount does not exceed $500,000 (or such greater amount as this Honourable Court may authorize).

55. As at the date of this First Report, Connect First has advanced $350,000 to the Receiver under the Receiver's Borrowings Charge to the Receiver on behalf of Paramount. Of these borrowings, $100,000 was paid to the Interim Receiver to settle net operating and administrative cash flow during the Interim Receivership and $250,000 to the Receiver to fund the 2020/2021 insurance premium, 2020 property taxes and provide a reserve to fund net operating cash flow.

55. The Receivership Order further authorizes the Receiver to borrow these amounts at any time for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by the Receivership Order, including the funding of interim expenditures. The Receivership Order further provides that the whole of the Properties are charged by way of a fixed and specific security charge as security for the payment of monies borrowed by the Receiver, together with interest and charges thereon, in priority to all security interests, trusts, deemed trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, except as otherwise set out in sections 14.06(7), 81.4(4) and 81.6(2) and 88 of the BIA. This charge is known as the Receiver's Borrowings Charge.

56. The Receivership Order authorized aggregate borrowings up to $500,000 under the Receiver's Borrowings Charge for the Debtors and, to date, Connect First has advanced $350,000 to the Receiver for Paramount. The Receiver anticipates that it may require additional Receiver's

Borrowings in excess of $500,000 to fund net cash flow associated with Paramount, repayment of Wesley Church's 2020/2021 insurance premium to Willow Park and potential capital expenditures required by the Debtors. Therefore, the Receiver is seeking approval from this Honourable Court to increase the Receiver's Borrowings Charge to $1.0 million (the "Increased Receiver's Borrowings Charge").

57. The Increased Receiver's Borrowings Charge does not prejudice any stakeholders of the Debtors, as any funds advanced to the Receiver under the Receiver's Borrowings Charge will be used to fund operating costs incurred during the receivership (in the event rent collections are insufficient to cover such costs) and fund critical capital expenditures, both of which would be required to sufficiently maintain the Properties until the closing of a transaction(s). The Receiver is also recording what entities have received which amounts under the Receiver's Borrowings Charge and will ensure those are allocated accordingly amongst all of the Properties.

58. For the reasons set out above, the Receiver is supportive of the Increased Receiver's Borrowings Charge.

RECOMMENDATION

60. The Receiver respectfully requests that this Honourable Court approve:

a) The activities of the Receiver since the Receivership Date;

b) The Sales Process;

c) The interim distributions to Connect First of the Willow Park Net Rents; and

d) The Increased Receiver's Borrowings Charge.

Dated at Calgary, Alberta this 28th day of September, 2020.

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

Peter Chisholm, CPA, CA, CIRP, LIT
Senior Vice President

Dylan Holwell, CPA
Manager

APPENDIX "A"
SALES PROCESS

INTRODUCTION

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

Ernst & Young Inc. ("EYI") was appointed receiver (the "Receiver") and manager of the property, assets and undertakings of Willow Park Limited Partnership, Willow Park Capital Corp., Wesley Church Building Limited Partnership, Wesley Church Building Inc., Paramount Building Limited Partnership and Paramount Building Ltd. (collectively, the "Debtors"), pursuant to an Order (the "Receivership Order") of the Court of Queen's Bench of Alberta (the "Court"), dated April 14, 2020.

PROPERTIES

Willow Park Property

Willow Park Capital Corp. is the general partner of Willow Park Limited Partnership (together, "Willow Park"), which has a beneficial ownership interest in a single commercial property municipally located at 10325 Bonaventure Drive SE, Calgary, Alberta (the "Willow Park Property"). The primary asset of Willow Park is the Willow Park Property and any personal property related to it.

Wesley Church Property

Wesley Church Building Inc. is the general partner of Wesley Church Building Limited Partnership (together, "Wesley Church"), which has a beneficial ownership interest in a single commercial property municipally located at 1315 – 7th Street SW, Calgary, Alberta (the "Wesley Church Property"). The primary asset of Wesley Church is the Wesley Church Property and any personal property related to it.

Paramount Property

Paramount Building Ltd. is the general partner of Paramount Building Limited Partnership (together, "Paramount"), which has a beneficial ownership interest in a single commercial property municipally located at 1011 – 1st Street SW, Calgary, Alberta (the "Paramount Property"). The primary asset of Paramount is the Paramount Property and any personal property related to it.

The Willow Park Property, the Wesley Church Property and the Paramount Property are collectively referred to herein as the "Properties".

SELLING AGENT

The Receiver retained the Transaction Real Estate group within Ernst & Young Orenda Corporate Finance Inc. as its selling agent (the "Selling Agent") to market and sell the Properties in accordance with the sales process described herein (the "Sales Process").

The Receiver, with the assistance of the Selling Agent, intends to conduct the Sales Process pursuant to approval of the Court granted by an Order dated October 6, 2020 (the "Sales

Process Order”). Under the Sales Process, all qualified interested parties will be provided with an opportunity to participate in the Sales Process.

This document outlines the steps to be undertaken in the Sales Process, comprised principally of three (3) stages: (i) pre-marketing; (ii) marketing; and (iii) offer submission and evaluation.

OPPORTUNITY AND SALES PROCESS SUMMARY

1. The Sales Process is intended to solicit interest in, and opportunities for, a sale of the Properties, whether individually or en bloc, and any personal property related to each of the Properties.

2. Except to the extent otherwise set forth in a definitive sale agreement with a successful bidder, any Binding Offer will be 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 and each of the Debtors in and to each of their respective Properties 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 for permitted encumbrances or as otherwise provided for in such Court Order.

3. Solicitation of interest for binding offers to purchase the Properties (“Binding Offers”) will be on an unpriced basis whereby no set asking price will be stipulated.

4. As described more fully in this Sales Process, the major stages in the Sales Process will be comprised of the following:

    a) Pre-Marketing: preparation of all marketing material, assembly of all relevant due diligence material, establishment of an electronic data room and preparation of a potential buyer list;

    b) Marketing: advertising, contacting potential buyers, responding to requests for information and disseminating marketing material to potential buyers; and

    c) Offer Submission and Evaluation: solicitation, receipt of, evaluation and negotiation of offers from potential buyers, as described below.

5. The offer submission and evaluation stage of the Sales Process will be comprised of a two-phase offering process: “Phase I” being the submission of non-binding letters of intent (“Non-Binding LOI”) from Phase I Qualified Bidders (as defined below), and “Phase II” being the submission of Binding Offers from those parties that submitted Non-Binding LOIs and have been invited by the Receiver, in consultation with the Selling Agent, to participate in Phase II as Phase II Qualified Bidders (as defined below).

TIMELINE

6. The Receiver, acting in its reasonable business judgement and in consultation with the Selling Agent, will determine a date to launch the Sales Process (the “Launch Date”).

7. Due to the unique attributes of the Properties, the Receiver reserves the right to select different Launch Dates for each of the individual Properties

8. The following table sets out the key milestones in the Sales Process:

Milestones	Deadlines
Launch of Sales Process	October 7, 2020
Phase I Non-Binding LOI deadline	12:00 P.M. (Calgary time) November 23, 2020
Phase II Binding Offer deadline	12:00 P.M. (Calgary time) December 14, 2020
Closing date	January 11, 2021, subject to Court approval

PRE-MARKETING STAGE

9. Prior to the Launch Date:

a) The Selling Agent, in consultation with the Receiver, will prepare: (i) a teaser letter (the “Teaser”) describing the Properties, outlining the Sales Process and inviting recipients of the Teaser to express their interest to participate in the Sales Process; (ii) a non-disclosure agreement (“NDA”) in form and substance satisfactory to the Receiver and its legal counsel; and (iii) a confidential information memorandum (“CIM”). The CIM will specifically stipulate that the Receiver, 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 (as defined below), or otherwise made available pursuant to the Sales Process, except as expressly contemplated in any definitive sale agreement with a Successful Bidder (as defined below) 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 shall establish a secure, electronic data room (the “Data Room”), which will be maintained and administered by the Selling Agent during the Sales Process;

c) The Receiver will develop a template form of purchase and sale agreement for use during the Sales Process (the “Template PSA”), a copy of which will be placed in the Data Room. The Receiver will develop a Template PSA for each of the Willow Park Property, Wesley Church Property and Paramount Property, and the Receiver will also develop a Template PSA for all Properties to be used in the submission of en bloc offers; and

d) The Selling Agent will prepare a list of potential bidders, including (i) parties that have approached the Receiver or the Selling Agent to express an interest in the Properties, and (ii) local, national and international strategic and financial parties who the Receiver and the Selling Agent believe may be interested in purchasing the Properties (collectively, “Known Potential Bidders”).

MARKETING

10. The Receiver will arrange for notice of the Sales Process (and such other relevant information as the Receiver and the 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.

11. The Receiver will issue a press release with Canada Newswire (the “Press Release”) 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.

12. The Selling Agent will send the Teaser 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 the Press Release, as soon as reasonably practicable after such request or identification, as applicable.

13. 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.

14. Requests for information and access will be directed to the Selling Agent or such other representatives as designated by 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 and/or destroyed with an acknowledgement that all such material has either been returned and/or destroyed and no electronic information has been retained.

15. Any party who wants to participate in the Sales 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 identify 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 applicable.

16. If, in the opinion of the Receiver, acting reasonably, a Potential Bidder has delivered the documents contemplated in paragraph 15 above, then such Potential Bidder will be deemed to be a “Phase I Qualified Bidder”. No Potential Bidder shall be deemed to be a Phase I Qualified Bidder without the approval of the Receiver.

Due Diligence

17. The Receiver and the Selling Agent shall, in their reasonable business judgment and subject to competitive and other business considerations, afford each Phase I Qualified Bidder such access to due diligence materials through the Data Room and information relating to the Sales Process as they deem appropriate. Due diligence access may further include presentations, on-site inspections, and other matters which a Phase I 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 Phase I 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 the Properties to any person other than to Phase I Qualified Bidders.

OFFER SUBMISSION AND EVALUATION STAGE

Phase I: Non-Binding LOI Submission Phase

18. At any time prior to the Phase I Bid Deadline (as defined below), the Receiver may, in its reasonable business judgment, eliminate a Phase I Qualified Bidder from the Sales Process, in which case such bidder will no longer be a Phase I Qualified Bidder for purposes of the Sales Process.

19. Potential Bidders must rely solely on the own independent review, investigation and/or inspection of all information and of the Properties in connection with their participation in the Sales Process and any transaction they enter into with the Receiver.

20. Phase I Qualified Bidders who advise the Receiver or the Selling Agent that they wish to submit a non-binding offer for the purchase of the Properties, whether individually or en bloc, will be provided with a copy of the Non-Binding LOI form.

21. A Phase I Qualified Bidder interested in submitting a non-binding offer for the purchase of the any or all of the Properties must deliver a Non-Binding LOI to the Receiver at the address specified in Schedule “A” attached hereto (including by email), so as to be received by the Receiver by no later than 12:00 P.M. (Calgary time) on November 23, 2020 (the “Phase I Bid Deadline”).

22. A Non-Binding LOI submitted to the Receiver will be considered a qualified LOI (a “Qualified LOI”) only if:

    a) It is submitted on or before the Phase I Bid Deadline by a Phase I Qualified Bidder;

    b) The Qualified LOI identifies or contains the following:

        i. The purchase price, in Canadian dollars, including details of any liabilities to be assumed by the Phase I Qualified Bidder and key assumptions supporting the valuation of the Willow Park Property, Wesley Church Property or Paramount Property, as applicable. In the event of an en bloc offer, the Qualified LOI contains an allocation of the purchase price amongst each of the Properties subject to the transaction;

ii. A description of the property subject to the transaction, including whether any obligations of the Debtors in respect of the Properties are excluded;

iii. A specific indication of the financial capability, together with evidence of such capability, of the Phase I Qualified Bidder and the expected structure and financing of the transaction;

iv. A description of the conditions and approvals required prior to submitting a Binding Offer;

v. An outline of any additional due diligence required to be conducted in order to submit a Binding Offer; and

vi. Any other terms or conditions that the Phase I Qualified Bidder believes are material to the transaction; and

c) It contains such other information as reasonably requested by the Receiver and/or the Selling Agent from time to time.

23. The Receiver and the Selling Agent may waive strict compliance with any one or more of the requirements specified above and deem such non-compliant bids to be a Qualified LOI. For the avoidance of doubt, the completion of a transaction for the purchase of any or all of the Properties shall be subject to approval of the Court, and the requirement of approval of the Court may not be waived.

Preliminary Assessment of Phase I Non-Binding LOIs and Subsequent Process

24. Following the Phase I Bid Deadline, the Receiver and the Selling Agent will assess the Qualified LOIs. If it is determined by the Receiver and the Selling Agent that a Phase I Qualified Bidder that has submitted a Qualified LOI (i) has a bona fide interest in completing a transaction for the purchase of any or all of Properties, and (ii) has the financial capability (based on availability of financing, experience and other considerations) to consummate such a transaction based on the financial and other information provided, then such Phase I Qualified Bidder will be deemed a "Phase II Qualified Bidder", provided that the Receiver and the Selling Agent may, in their reasonable business judgment, limit the number of Phase II Qualified Bidders (and thereby eliminate some Phase I Qualified Bidders from the process). Only Phase II Qualified Bidders shall be permitted to proceed to Phase II of the Sales Process. No Phase I Qualified Bidder that has submitted a Qualified LOI shall be deemed to be a Phase II Qualified Bidder without the approval of the Receiver.

25. The Receiver and the Selling Agent will prepare a bid process letter for Phase II (the "Bid Process Letter"), which will include the Template PSA. The Bid Process Letter will be sent to all Phase II Qualified Bidders who are invited to participate in Phase II.

Phase II: Formal Offers and Selection of Successful Bidder

26. Paragraphs 28 – 36 below and the conduct of bidding in Phase II are subject to paragraphs 22 – 24 above, and any adjustments made to Phase II in accordance with the Bid Process Letter and any further Court order regarding the Sales Process.

Binding Offers

27. Phase II Qualified Bidders that wish to make a formal offer to purchase any or all of the Properties shall submit to the Receiver a sealed Binding Offer that complies with all of the following requirements at the address specified in Schedule "A" attached hereto (including by email or fax transmission), so as to be received by no later than 12:00 P.M. (Calgary time) on December 14, 2020, or such other date and time as may be modified and set out in the Bid Process Letter (the "Phase II Bid Deadline").

a) The Binding Offer shall comply with all of the requirements set forth in respect of Qualified LOIs;

b) Cash is the preferred form of consideration, but if the Binding Offer utilizes other consideration, a description of the material terms of the consideration shall be provided;

c) The Binding Offer is an offer to purchase any or all of the Properties on terms and conditions reasonably acceptable to the Receiver;

d) Unless otherwise agreed to, the Binding Offer shall take the form of the Template PSA and shall include a letter stating that the Phase II Qualified Bidder's Binding Offer is irrevocable until the selection of the Successful Bidder (as defined below), provided that if such Phase II Qualified Bidder is selected as the Successful Bidder, its Binding Offer shall remain irrevocable until the closing of the transaction with the Successful Bidder;

e) The Binding Offer includes duly authorized and executed transaction agreements as set out in the Template PSA, including, but not limited to, the purchase price 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 Phase II Qualified Bidder, including their respective percentage ownership interest(s). In the event multiple Properties are subject to the transaction, such Phase II Qualified Bidder shall allocate the Purchase Price amongst each of the Properties;

f) To the extent that a Binding Offer 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 a Debtor may be a party. A Phase II Qualified Bidder's willingness to proceed without such conditions and, where such conditions are included in a Binding Offer, the likelihood of satisfying such conditions shall be an important factor in evaluating the Binding Offer;

g) The Binding Offer 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 Phase II Qualified Bidder's financial and other capabilities to consummate the proposed transaction;

h) The Binding Offer shall not be conditioned on the outcome of unperformed due diligence by the Phase II Qualified Bidder, apart from, to the extent applicable, to the disclosure of due diligence materials that represent proprietary or sensitive information which was withheld in Phase II from the Phase II Qualified Bidder;

i) Each Phase II Qualified Bidder must provide with its Binding Offer details regarding its ability to obtain a method of financing the proposed 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;

j) The Binding Offer fully discloses the identity of each entity that will be entering into the transaction or the financing, of that is participating or benefiting from such Binding Offer;

k) The Binding Offer includes a commitment by the Phase II Qualified Bidder to provide a refundable deposit in the amount of not less than 10% of the Purchase Price offered, upon such Phase II Qualified Bidder being selected as the Successful Bidder, which shall be paid to the Receiver in trust (the "Deposit"). One half of the Deposit shall be paid to the Receiver in trust upon submission of a Binding Offer by a Phase II Qualified Bidder. The second half of the Deposit shall be submitted upon the Phase II Qualified Bidder being selected as the Successful Bidder. The Successful Bidder's Deposit shall be applied as against the Purchase Price, and all other Deposits submitted by Phase II Qualified Bidders who are not selected as the Successful Bidder shall be returned within one week of obtaining Court approval for the Successful Bid;

l) The Binding Offer includes acknowledgements and representations of the Phase II Qualified Bidder that: (i) it has had an opportunity to conduct any and all due diligence regarding the Properties and the Debtors, prior to making its Binding Offer (apart from, to the extent applicable, the disclosure of due diligence materials that represent proprietary or sensitive competitive information which were withheld in Phase II from the Phase II Qualified Bidder); (ii) it has relied solely upon its own independent review, investigation and/or inspection of any documents and/of the Properties in making its Binding Offer; and (iii) it did not rely upon any written or oral statements, representations, warranties or guarantees whatsoever made by the Receiver and/or the Selling Agent, whether expressed, implied, statutory or otherwise, regarding the Properties or the Debtors or the accuracy or completeness of any information provided in connection therewith, except as expressly stated in the definitive transaction agreement executed between such Phase II Qualified Bidder and the Receiver;

m) All required corporate approvals of the Phase II Qualified Bidder will have been obtained prior to the submission of a Binding Offer;

n) The Binding Offer shall identify all material conditions in favour of the Phase II Qualified Bidder to be resolved prior to closing a transaction;

o) The Binding Offer is received by the Phase II Bid Deadline; and

p) The Binding Offer contemplates a schedule for closing the transaction set out therein (the “Closing Date”).

28. Following the Phase II Bid Deadline, the Receiver and the Selling Agent will assess the Binding Offers received. The Receiver will designate the most competitive bids that comply with the foregoing requirements to be “Qualified Binding Offers”. No Phase II bids received shall be deemed to be a Qualified Binding Offer without the approval of the Receiver. Only Phase II Qualified Bidders whose bids have been designated as Qualified Binding Offers are eligible for selection as the Successful Bidder (as defined below).

29. The Receiver and the Selling Agent may waive strict compliance with any one or more of the requirements specified above and deem such non-compliant bids to be a Qualified Binding Offer in Phase II.

30. The Receiver and/or the Selling Agent shall notify each Phase II Qualified Bidder in writing as to whether its Binding Offer constituted a Qualified Binding Offer within ten (10) business days of the Phase II Bid Deadline, or such later time as deemed appropriate by the Receiver.

31. If the Receiver is not satisfied with the number or terms of the Qualified Binding Offers received in Phase II, the Receiver may extend the Phase II Bid Deadline or seek Court approval of an amendment to the Sales Process.

32. The Receiver may terminate, at any time, further participation in Phase II of the Sales Process by any interested party, or modify dates or procedures as deemed appropriate or necessary, or to terminate the Sales Process in its entirety.

Evaluation of Qualified Binding Offers

33. A Qualified Binding Offer submitted to the Receiver in Phase II of the Sales Process will be evaluated based upon several factors, including, without limitation, items such as the Purchase Price and the net value and form of consideration to be paid, the identity, circumstances and ability of the Phase II Qualified Bidder to successfully complete a transaction for the purchase of any or all of the Properties, including any conditions attached to the Qualified Binding Offer and the expected feasibility of such conditions, the proposed transaction documents, factors affecting the speed, certainty and value of the transaction, the assets included or excluded in the Qualified Binding Offer, any related restructuring costs, and the ability of the Phase II Qualified Bidder to finance and ultimately consummate the proposed transaction within the timelines established by the Receiver and set out in this Sales Process.

Selection of Successful Bid

34. The Receiver and the Selling Agent: (i) will review and evaluate each Qualified Binding Offer, and the applicable Phase II Qualified Bidder, and such Qualified Binding Offer may be amended, modified or varied as a result of any negotiations between the Receiver and the Phase II Qualified Bidder, (ii) identify the highest or otherwise best Qualified Binding Bid (the "Successful Bid"), and the Phase II Qualified Bidder making such Successful Bid (the "Successful Bidder"). The determination of any Successful Bid by the Receiver shall be subject to approval by the Court.

35. For clarity, in the event a Qualified Binding Offer for an en bloc purchase of all of the Properties is not submitted to the Receiver, the Receiver may select multiple Successful Bids in respect of each of the Properties (or a combination thereof).

36. The Receiver shall have no obligation to enter into a Successful Bid and reserves the right to reject any or all Qualified Binding Offers submitted in Phase II.

Sale Approval Motion Hearing

37. At the hearing of the motion to approve a transaction with any Successful Bidder for the purchase of any or all of the Properties, the Receiver shall seek, among other things, approval from the Court to consummate any Successful Bid. All of the Qualified Binding Offers other than the Successful Bid, if any, shall be deemed to be rejected by the Receiver on and as of the date of approval of the Successful Bid by the Court.

Confidentiality and Access to Information

38. Participants and prospective participants in the Sales 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, Phase I Qualified Bidders, Non-Binding LOIs, Phase II Qualified Bidders, Qualified Binding Offers, the details of any bids submitted or the details of any confidential discussions or correspondence between the Receiver, the Selling Agent and such other bidders in connection with the Sales Process.

Supervision of the Sales Process

39. The Receiver and the Selling Agent will supervise in the Sales Process in the manner set out herein and are entitled to receive all information in relation to the Sales Process.

40. The Sales Process does not and will not be interpreted to create any contractual or other legal relationship between the Receiver, the Selling Agent and any Phase I Qualified Bidder or Phase II Qualified Bidder, other than as specifically set forth in a definitive agreement that may be executed by the Receiver and subject to the approval of this Court.

41. Without limiting the preceding paragraph whatsoever, the Receiver and the Selling Agent shall not have any liability whatsoever to any person or party, including, without limitation, any Potential Bidder, Phase I Qualified Bidder, Phase II Qualified Bidder, the Successful Bidder, or any other creditor or stakeholder of the Properties or the Debtors, for any act or omission related to the process contemplated by this Sales Process, except to the extent such act or omission is the result from gross negligence or willful

misconduct of the Receiver and/or the Selling Agent. By submitting a bid, each Phase I Qualified Bidder, Phase II Qualified Bidder or Successful Bidder shall be deemed to have agreed that it has no claim against the Receiver and/or the Selling Agent for any reason whatsoever, except to the extent such claim is the result from gross negligence or willful misconduct of the Receiver and/or the Selling Agent.

42. Participants in the Sales Process are responsible for all costs, expenses and liabilities incurred by them in connection with the submission of any Non-Binding LOI, Qualified Binding Offer, due diligence activities and any further negotiations or such actions, whether or not they lead to the consummation of a transaction.

43. The Receiver shall have the right to modify the Sales Process and the deadlines set out herein (including, without limitation, pursuant to the Bid Process Letter) if, in its reasonable business judgment, such modification will enhance the process or better achieve the objectives of the Sales Process.

SCHEDULE "A"

Ernst & Young Inc.,
acting solely in its capacity as Receiver of the Debtors
2200, 215 – 2nd Street SW
Calgary, AB T2P 1M4

Attention:	Dylan Holwell
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Ernst & Young Orenda Corporate Finance Inc.
Transaction Real Estate

Attention:	Duncan Yang
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