Clerk's Stamp

COURT FILE NUMBER	2303-01855
COURT	COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE	EDMONTON
PLAINTIFF	BANK OF MONTREAL
DEFENDANTS	1194038 ALBERTA LTD. AND ALAN DOBISH, ALSO KNOWN AS ALLAN DOBISH
DOCUMENT	**RECEIVER'S FIRST REPORT** **June 5, 2023**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**RECEIVER** ERNST & YOUNG INC. 10423 – 101 Street, Suite 1400 PO Box 44 Edmonton, Alberta T5H 0E7 Attention: Matt McCulloch / Evan MacKinnon Telephone: 780-638-6642 / 780-441-2447 Fax: 780-428-8977 Email: matt.mcculloch@parthenon.ey.com evan.mackinnon@parthenon.ey.com **COUNSEL** WITTEN LLP Suite 2500, Canadian Western Bank Place 10303 – Jasper Avenue Edmonton, Alberta T5J 3N6 Attention: Bren R. Cargill Telephone: 780-701-3776 Fax: 780-429-2559 Email: bcargill@wittenlaw.com

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SCHEDULES

INTRODUCTION, BACKGROUND AND PURPOSE OF THE REPORT

1. On March 20, 2023, pursuant to an application made by the Bank of Montreal ("**BMO**"), the Court endorsed an Order (the "**Receivership Order**") dated March 14, 2023, and filed March 15, 2023 appointing Ernst & Young Inc. ("**EY**" or the "**Receiver**") as receiver and manager over all the assets of 1194038 Alberta Ltd. ("**119**" or the "**Company**"). For the remainder of this report, and future reports, any reference to "**Management**" will be used to refer to Mr. Alan Dobish, the director of 119.

2. Prior to these receivership proceedings, 119 owned and leased out a single-story industrial and retail property located at 10103-175 Street NW, Edmonton, Alberta (hereinafter referred to as the "**Building**"). The Building is 100% occupied by a single commercial tenant, PartSource Inc. ("**PartSource**"), a subsidiary of Canadian Tire Corporation, Limited ("**Canadian Tire**"). PartSource is operating a distribution centre for its business as well as a store front retail business within the Building.

3. As at the date of the Receivership Order, 119's assets ("**Assets**") consisted of the following:

    a) a 20,397 square foot commercial building situated on approximately 58,370 square feet of land;

    b) cash in the Company's bank account in the amount of $860.55; and

    c) two (2) leased vehicles, a 2022 Acura MDX and 2019 Acura RDX (the "**Acuras**"), both leased through Honda Finance Canada ("**Honda**").

4. The purpose of this report (the **"Receiver's First Report"**) is to advise the Court of the following:

    a) the activities of the Receiver since the onset of these receivership proceedings, which include, but are not limited to:

        i.) the conservatory measures taken by the Receiver with respect to the Assets of 119;

        ii.) the details in relation to the various discussions the Receiver has had to date with PartSource, Canadian Tire and their counsel, primarily in relation to the lease terms and concerns related to the Building's heating, ventilation, and air conditioning system ("**HVAC**") and the Receiver's course of action as a result;

iii.) the Receiver's review of Secured and priority creditors in the circumstances;

iv.) information in relation to an updated appraisal obtained by the Receiver in regard to the value of the Building; and

v.) the results of a request for proposals ("**RFP**") process undertaken by the Receiver, the results derived therefrom and the Receiver's proposed course of action going forward;

b) the receipts and disbursements of the Receiver to June 5, 2023;

c) information in relation to the refinancing efforts of 119 to date; and

d) information in regard to a proposed Sales Solicitation Process ("**SH Process**") for the Building using a stalking horse bid ("**SH Bid**") identified from the RFP;

and to serve as support for the Receiver's request for the following:

e) advice and direction from this Honourable Court as required in the circumstances to move these receivership proceedings forward;

f) an Order approving the Receiver's actions to date, including the Receiver's receipts and disbursements as outlined in this report;

g) an Order approving the SH Process along with the approval of the related Stalking Horse Term Sheet ("**SH Term Sheet**");

h) a Sale Approval and Vesting Order ("**SH SAVO**") approving the sale of the Building to the stalking horse bidder ("**SH Bidder**") in accordance with the terms set out in the SH Bid, stalking horse purchase and sale agreement ("**SH PSA**"), and the SH Term Sheet, provided no superior bids are received at the conclusion of the SH Process;

i) an Order that seals the Confidential Supplement of the Receiver until such time as the sale of the Building has closed, these receivership proceedings are completed and the Receiver is discharged; and

j) such further relief that the Court considers just and warranted in the circumstances.

DISCLAIMER

5. In preparing the Receiver's First Report, the Receiver relied upon certain financial information prepared by 119 and derived from discussions with Management. The Receiver has not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of the information provided. Accordingly, the Receiver expresses no opinion or other form of assurance on the information contained in this report or relied upon in its preparation.

6. This report should be read in conjunction with any other materials filed before the date of the upcoming application to Court which has currently been set for June 12, 2023. All reports and Orders, save for items directed to be sealed for confidentiality purposes, are available on the Receiver's website established for these proceedings that is located at *https://documentcentre.ey.com/#/detail-engmt?eid=518*

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

ACTIVITIES OF THE RECEIVER SINCE THE ONSET OF THE RECEIVERSHIP

8. In addition to ongoing discussions with Management, 119's counsel, and various other stakeholders, the paragraphs that follow outline the more significant activities of the Receiver since the onset of these receivership proceedings.

Conservatory Measures by the Receiver

9. Upon appointment, the Receiver attended on site at the Building and met with PartSource's store manager and assistant store manager ("**PartSource Managers**").

10. The Receiver did a walkthrough of the Building, discussed security measures with the PartSource Managers and photographed the interior and exterior of the Building. During the walkthrough, the PartSource Managers advised the Receiver that the HVAC was not working, and that air flow issues have persisted for years. As a result, the Receiver also gained access to the roof to inspect the exterior components of the HVAC briefly and take additional photos. In an effort to avoid disrupting PartSource's operations, the Receiver elected not to affix a Notice of Receivership on the exterior of the Building.

11. The Receiver confirmed with the PartSource Managers that 119 did not have any keys or any form of access to the Building without PartSource employees being onsite. The

Building is armed with an alarm system, the code to which is changed regularly to further reduce the risk of unauthorized entry. The PartSource Managers also confirmed that there were no concerns about other unauthorized access (i.e. former disgruntled employees) to the Building. Given these representations, the Receiver elected not to change the exterior locks. Key holder agreements for all employees with keys to the Building were drafted, signed, and remitted back to the Receiver.

12. The PartSource Managers provided the Receiver with the contact information of the National Property Manager with Canadian Tire ("**Property Manager**") that was responsible for the payment of rents to 119. The Receiver formally notified the Property Manager of the Receivership and provided a copy of the Receivership Order. Further, the Receiver also advised the Property Manager that all rents otherwise payable to 119 be paid to the Receiver on a go-forward basis effective immediately.

13. The Receiver confirmed with the Property Manager that the lease agreement ("**Canadian Tire Lease**") exhibited in the unfiled Affidavit of Al Dobish dated March 7, 2023 (the "**Dobish Affidavit**"), with an expiration of September 2028, was the most current agreement in place.

14. Shortly after its appointment, the Receiver was provided with the banking information for 119 from Management, which consisted of only a single bank account maintained at ATB Financial. The Receiver froze the account for outgoing transactions at the onset of the receivership and only permitted deposit related items to be processed into the account. The Receiver has since opened its own trust account and has been controlling all receipts and disbursements since this time.

15. Management provided the Receiver a copy of the Certificate of Insurance relating to a policy 119 held with Desjardins Insurance ("**Desjardins**"). The Receiver contacted Desjardins to notify them of the Receivership, and to obtain confirmation that the policy was in good standing. Desjardins advised that the existing policy is up for renewal on June 15, 2023. The Receiver reviewed the policy and deemed it to be adequate, as it provided for sufficient coverage for the Building. The Receiver paid the remaining premium owing on the policy to maintain the existing insurance coverage through to renewal. Desjardins has since sent renewal documents to the Receiver, and the Receiver has arranged to make the required monthly payments going forward from June 16, 2023 onward to maintain adequate insurance on the Building.

16. In regard to 119's two Acuras, at the onset of the receivership proceedings Management advised the Receiver that the vehicles were leased and that the leases in question were "true leases". Further, Management advised that these two vehicles were being used for personal use.

17. After repeated requests for copies of the Acura leases from Management, the agreements were eventually provided, and the Receiver and its counsel reviewed and confirmed that the leases were in fact "true leases"; however, the Receiver continues to investigate whether or not there is any equity in the Acuras for the estate (based on preliminary values and payouts required under the leases, this appears to be unlikely). Management indicated that it wished to keep the Acuras and as such, the Receiver notified Management that, provided there was no equity in the Acuras for the estate, the leases needed to be transferred into Management's personal name with the consent of Honda and that the ongoing payments for the Acuras would be the responsibility of Management personally. The Receiver has made a number of attempts to discuss these leases on the Acuras with Honda to ensure there is no equity for the estate and if not, to ensure that the leases have been transferred into Management's name personally as opposed to remaining under 119. These attempts are ongoing.

Receiver's Activities in relation to the HVAC Concerns and Required Repairs

18. Early into these receivership proceedings, the Property Manager forwarded a copy of the Receivership Order to Canadian Tire's in house counsel ("**Canadian Tire's Counsel**") who contacted the Receiver to discuss the Receivership Order and the status of the Building's HVAC. Canadian Tire's Counsel notified the Receiver that the HVAC issues have become a serious point of contention and problematic to PartSource, its employees and its operations from 2021 onward to the extent that Canadian Tire had issued demand notices to 119 on August 13, 2021, and February 27, 2023 ("**HVAC Demands**").

19. The HVAC Demands notified Management that the Lease Agreement entitled PartSource "to quiet enjoyment of the Leased Premises" and that Management is "liable to assume all responsibility and cost for the maintenance, care, repair, and replacement of the HVAC systems and components". The February 27, 2023, demand notice stated that Canadian Tire "may proceed with the replacement [of the HVAC] and provide a demand for reimbursement pursuant to and in accordance" with the terms of the Lease Agreement. Copies of the HVAC Demands are attached hereto as **Schedule "A"** to this

report.

20. Canadian Tire's Counsel initially advised the Receiver that it was considering withholding lease payments to 119 such that the funds could be used to repair the HVAC. The Receiver discussed the stay of proceedings with Canadian Tire's Counsel and advised that withholding lease payments was not proper in light of the Receivership Order and its terms, and that the Receiver would undertake to look into and address the HVAC concerns. Thereafter, the Receiver provided Canadian Tire's Counsel's contact information to its counsel to facilitate further discussions on the receivership proceedings going forward. PartSource has been paying the monthly lease payments as required to date.

21. Following up on the concerns of the PartSource Managers and Canadian Tire's Counsel, the Receiver reached out to Management to discuss what efforts that have been made to address the HVAC concerns, if any. Management advised that it had recently received a quote from Nordic Mechanical Ltd. ("**Nordic**") to make the necessary repairs to the HVAC. The Nordic quote, dated March 27, 2023, was forwarded by Management to the Receiver on April 13, 2023.

22. While awaiting receipt of the Nordic quote, the Receiver sought additional quotes from other contractors to confirm that Nordic captured the entirety of the repairs required to the HVAC and to gain comfort that the price quoted by Nordic was reasonable. The Receiver contacted Legacy Heating and Cooling ("**Legacy**") and Hydro-Flo Plumbing & Heating Ltd. ("**Hydro-Flo**") on March 28, 2023 and requested its own quotes for the HVAC repair.

23. Hydro-Flo attended the Building, inspected the HVAC, and provided a quote that was similar in cost to Nordic's. Legacy advised the Receiver that they were unable to assist given the current volume of work they already had scheduled in over the next few months. Attached hereto as **Schedule "B"** of this report are the HVAC quotes received.

24. The Receiver ultimately decided to proceed with engaging Hydro-Flo to conduct the required HVAC repairs and the primary reason for this was that Nordic's quote referred to potential additional fees and costs for engineering which could be considered excessive. Hydro-Flo has been paid an initial deposit by the Receiver equivalent to 50% of the quote and Hydro-Flo has ordered the parts required for the repair. In addition to the above, Hydro-Flo has assisted PartSource by providing temporary solutions to try

and address some of the airflow concerns of the Building while awaiting the parts and until the repair is completed. It is anticipated that the repair/installation will commence in late June/early July.

25. An update on the status of the HVAC repairs was provided to the PartSource Managers and Canadian Tire's Counsel.

Receiver's Review of Secured and Priority Claims

Goods and Services Tax ("GST")

26. As referenced in paragraph 43 of the Affidavit of Michelle Madrigga and acknowledged in the Dobish Affidavit, the Canada Revenue Agency ("**CRA**") filed writs totaling over $215,000 for amounts outstanding for corporate tax and GST. The Receiver conducted a Personal Property Registry ("**PPR**") search, and as at March 15, 2023, the amount noted on the PPR as outstanding was $216,240.53 of which $73,434.03 was in relation to GST and the remaining balance of $142,806.50 was associated with corporate income taxes.

27. The Receiver has sent notice of the receivership to the CRA and has requested that a post-receivership GST account ("**RT0002**") be opened so that the Receiver can file the required returns (when required) and pay any GST owing as a result, if any.

28. As at the date of the Receiver's First Report, the CRA has not scheduled a trust examination nor filed a claim with the Receiver to confirm any of the amounts believed to be owed.

Property Taxes

29. Management stated to the Receiver that the property taxes of 119 ("**Property Taxes**") owed to the City of Edmonton were in good standing, with no amounts owing. The Receiver notified the City of Edmonton of the Receivership and that the bank account in which monthly payments of had been withdrawn from had been closed.

30. Monthly payments of $4,049.18 are being made by the Receiver to keep the Property Taxes in good standing.

Source Deductions

31. The Receiver is not aware of any source deductions claims in these receivership proceedings. It is the Receiver's understanding that 119 does not have any employees.

Secured Creditors

32. As noted in paragraph 26 of this report, the Receiver conducted a search of the PPR for 119 and advises that there are security registrations by BMO, Honda (for the two Acuras) and the CRA Writs.

33. By way of the Dobish Affidavit and the Receiver's counsel obtaining copies of title pertaining to the Building, the Receiver has also identified possible second and third mortgages totaling approximately $260,000. It appears that these possible second and third mortgages are held by Joginder Sunner and Guggendeep Jawanda, respectively (hereinafter, collectively referred to as the "**Subordinate Mortgage Holders**").

34. Notice of the receivership has been sent to the Subordinate Mortgage Holders' counsel, being the Law Office of James Pittaway ("**Pittaway**"), via courier, and the Subordinate Mortgage Holders' counsel has been added to the service list for these proceedings. The Receiver has reached out to Pittaway to obtain further information in support of the amounts potentially owed to the Subordinate Mortgage Holders and is awaiting this information as at the date of this report.

Receiver's Decision to Obtain an Updated Appraisal on the Building

35. As noted in the unfiled Dobish Affidavit, there was a significant delta between the 2022 appraised value of approximately $5,320,000 (from an appraisal obtained by 119/Dobish) and the assessed value of $1,929,500 from the City of Edmonton. Given this difference in value, it was the Receiver's opinion that a new independent appraisal be obtained that takes into consideration current market conditions, the impact of recent interest rate increases and other relevant information.

36. To this end, the Receiver contacted the valuations and advisory division of Newmark Group Inc. ("**Newmark**") who has a local presence in Edmonton and familiarity with commercial properties of this nature to obtain an updated appraisal. Newmark quoted $3,500 + GST to complete an updated appraisal. The Receiver determined that this cost was warranted in the circumstances, and as such, proceeded with Newmark to obtain an updated appraisal.

37. Newmark reviewed all relevant information readily available and referenced in the Dobish Affidavit and has provided its appraisal outlining the anticipated Fair Market Value, Orderly Liquidation Value and Forced Liquidation Value of the Building in a report released to the Receiver on April 20, 2023 ("**Newmark Report**").

38. In light of the pending SH Process that will be discussed later in this report, the Receiver believes that the values noted in the Newmark Report are sensitive in nature should not be made public at this time. Given the Receiver's concern in this regard, the Newmark Report will be provided to the Court by way of a Confidential Supplement to the Receiver's First Report ("**Confidential Supplement**").

Receiver's Initial Request for Proposals ("RFP") Process

39. At the onset of these receivership proceedings, 119 had indicated that it was in discussions with a possible lender(s) and that it may be in a position to refinance the Building and provide sufficient funds to payout BMO and the other stakeholders in these proceedings. The Receiver advises that to date, it is not aware of any substantive developments in this regard and 119's refinancing efforts to date will be discussed in further detail later in this report.

40. Notwithstanding the above, in an effort to provide 119 with some time to try and secure refinancing, the Receiver delayed taking any steps to realize on the Building until April 17, 2023, after which, the Receiver initiated a preliminary RFP process to gauge the potential interest in, and value of, the Building. The Receiver notified Management, 119's counsel, BMO and BMO's counsel of the preliminary RFP that it was undertaking, prior to doing so.

41. Hereto attached as **Schedule "C"** of the Receiver's First Report, is the RFP that was prepared by the Receiver and sent out to approximately fifty-five (55) commercial realtors and strategic purchasers. In addition, the Receiver's corporate finance group was also provided a copy of the RFP; however, the Receiver cannot confirm how many additional parties, if any, may have been notified of the RFP as a result.

42. The deadline for submitting offers and proposals pursuant to the RFP was May 5, 2023, at 4:00pm Mountain Time. Similar to the updated appraisal, the Receiver considers the details in relation to the offers and proposals received pursuant to the RFP to be sensitive in nature given the pending SH Process, and as such, much of these details have been

included in the Confidential Supplement.

43. Generally, a total of four (4) offers to purchase and two (2) listing proposals were submitted pursuant to the RFP. Two of the proponents submitting offers to purchase the Building had similar offers with one being stronger than the other in relation to the net purchase price, the SH Bid.

44. It is the Receiver's opinion that it would be beneficial to canvass the market through a sales process that would allow more time for prospective purchasers and their agents to conduct due diligence and consider any other matters that may be beneficial to the proponents' submission of offers. As such, the Receiver is proposing that the court approve the SH Process, which is discussed later in this report.

RECEIPTS & DISBURSEMENTS

45. The following chart summarizes the receipts and disbursements of the Receiver in connection to these receivership proceedings up to June 5, 2023:

1194038 Alberta Ltd. - In Receivership **Ernst & Young Inc., Receiver** **Statement of Receipts and Disbursements** **For the Period March 15 to June 5, 2023**		
		March 15 to June 5, 2023
Receipts:	**Notes**	
Cash in bank	*a*	861
Rental Income	*b*	115,506
Total Receipts		**116,367**
Disbursements:		
Property taxes	*c*	12,185
Professional fees	*d*	42,453
Repairs & maintenance	*e*	47,898
Insurance		895
Appraisal	*f*	3,675
License fee		73
Total Disbursements		**107,178**
Cash on Hand - June 5, 2023		**9,189**
Funds Held in Trust	*g*	
Deposits		1,331,250
Deposits Refunded		675,000
Total Funds Held in Trust		**656,250**

46. The Receiver provides the following explanatory notes to the summary of receipts and disbursements above:

a) The Receiver recovered $860.55 from 119's bank account (as identified by Management) in its ATB Financial account;

b) Canadian Tire pays rent of $38,502.15 on the first of each month. Three months of rent have been collected as at the date of this report;

c) Three monthly payments of property taxes in the amount of $4,049.18 have been paid to the City of Edmonton. There was an additional immaterial fee of $37.00 included as a result of a pre-authorized debit payment attempted from 119's ATB Financial account post-Receivership that was returned;

d) Receiver's fees and disbursements ($20,625.47) and Receiver's counsel's fees and disbursements ($21,827.82) to date, which have been invoiced and paid out of funds on hand;

e) The deposit made to Hydro-Flo in relation to HVAC Repairs (47,588.10) and maintenance on the Building to provide temporary air flow solutions while awaiting parts to complete the repairs ($309.74);

f) Payment made for Newmark Report; and

g) Deposits remitted to the Receiver during the RFP were held in trust. The only deposits remaining are those of the SH Bidder.

REFINANCING EFFORTS OF 119

47. Prior to the date Receivership Order, Management and 119's counsel stated that re-financing efforts, which allegedly had been initiated as early as 2021 per the Dobish Affidavit, were on going and would be successful given some additional time. At various times over the course of these receivership proceedings, 119 or its counsel has indicated to the Receiver that such efforts remained on going, and the Receiver has independently verified that 119 was speaking to outside parties in this regard.

48. The Receiver understands that its counsel, and counsel for BMO have provided estimated payout figures, other cost figures (such as professional fees) and advice to counsel for 119 (in relation to a possible claims process that would likely need to be undertaken) to assist 119 in evaluating the amount of funding that would be required in the circumstances.

49. Notwithstanding the above, as at the date of this report, to the best of the Receiver's knowledge there has been no real progress made in respect of 119's attempt to secure refinancing and no tangible documentation or correspondence has been provided to the Receiver detailing a definitive loan agreement/term sheet.

STALKING HORSE SALES PROCESS

50. As noted in Paragraph 44 of this report, the Receiver is proposing that a sale process, the SH Process, be approved by the Court. As noted earlier in this report, It is the Receiver's opinion that it would be beneficial to canvass the market through a sales process that would allow for additional time for existing prospective purchasers and their

agents to conduct further due diligence and consider any other matters that may be beneficial to the proponents' submission of offers. In addition, the recommended SH Process would also allow new prospective purchasers (or those who could not submit an offer in the RFP) the opportunity to bid on the Building.

51. The Receiver has discussed (on a confidential basis) the offers received from the RFP with BMO and its thoughts in regard to the proposed SH Process and understands from its conversations that BMO is supportive.

52. The Receiver has also had discussions with 119 and its counsel about the RFP and the proposed SH Process, and advises the following:

a.) Management and 119's counsel, being aware of the Receiver's receipt of the Newmark Report, contacted the Receiver its counsel to request a copy;

b.) The Receiver had concerns that 119 could use the Newmark Report to credit bid or make an offer to purchase the Building under the SH Process and that by providing such documentation to a lone party over others would violate the *Soundair* principles;

c.) As a result of the Receiver's concerns noted above, the Receiver's counsel requested that 119's counsel confirm that Management would not participate in the SH Process should Management be granted access to the Newmark Report. On May 12, 2023, 119's counsel confirmed that their *"client has advised he will not be taking part in any bid or sales process"*. As such, a copy of the Newmark Report was provided to 119's counsel expressly on the terms of confidentiality;

d.) Initially, there were concerns expressed by Management and 119's counsel regarding the SH Process. Specifically, such concerns centered around the amount of the SH Bid (which would establish the minimum offer price in the SH Process) in that Management and 119's counsel believed it was too low and wanted this number to be materially higher;

e.) Further, 119's counsel initially advised that their position was, given some comments made by commercial realtors regarding potential offers, that it would be wiser not to use an SH Bid and SH Process to sell the Building. The Receiver responded to this position by advising that the comments made by commercial realtors were never formalized into actual offers, and that without the use of the SH Process, the estate could run the risk of ultimately receiving an offer(s) that is(are) materially weaker than the SH Bid; and

f.) The last correspondence the Receiver had with counsel for 119 suggested that perhaps 119 would consent to the Receiver's proposed course of action; however, this has never been confirmed.

53. Paragraph 3(k) of the amended Receivership Order requires the Receiver to obtain the consent of 119 and BMO regarding a list or offer price for the Building and failing to reach consent, the Receiver could seek advice and direction from the Court as to an approval price for the Building. Presently, the Receiver cannot confirm if 119 consents to any sale price or the SH Process. However, the Receiver is of the opinion that these receivership proceedings should move forward, and the Building be sold.

54. The Receiver advises that, on a preliminary basis based off known creditors to date, it appears the SH Bid as presented could pay off all of 119's liabilities to its creditors and possibly result in a surplus distribution to Management. However, the Receiver has concerns that there may be additional creditors that are currently unknown, and that before any distribution is contemplated to 119/Management, it would be prudent to run a short claims process. Further, considering the interests of all stakeholders, including Management, the Receiver believes the SH Process is the appropriate vehicle to maximize the sale value for the Building and the corresponding amount for distribution without risking the SH Bid.

55. The Receiver provides the following details in relation to the proposed SH Process:

a.) The SH Bid was submitted by 2262576 Alberta Ltd. ("**226**") and was for the net amount of $4,375,000. The Receiver is in receipt of a cash deposit in the amount of $656,250.00 in support of the SH Bid;

b.) The Receiver has discussed the SH Process with 226, and 226 is agreeable to the SH Process subject to the terms outlined in the SH PSA and SH Term Sheet with 226 if approved by the Court. Attached hereto as **Schedule "D"** of this report is an executed copy of the SH PSA. Schedule 2.1(b) of the SH PSA includes the SH Term Sheet;

c.) The SH PSA and the SH Term Sheet reference an initial break fee of $125,000 ("**Break Fee**") payable to 226 should they not be the successful offeror from the SH

Process. The Break Fee, is approximately, 2.8% of the SH Bid price of $4,375,000, which the Receiver is of the opinion is in line with the typical range of 2-3%;

d.) After considering the SH Bid and Break Fee, the Receiver will be seeking offers that will result in a net recovery to the estate over $4,500,000 in the SH Process. Given the information provided in the Newmark Report, this minimum suggested net amount is, in the opinion of the Receiver, reasonable;

e.) Included in Schedule 2.1(a) of the SH PSA is the proposed SH Process. For the Court's ease of reference, the SH Process has the following additional key terms:

i.) a set timeline of four (4) weeks from June 12, 2023 with a deadline date of July 10, 2023;

ii.) should it be determined that an auction process ('**Auction**") is appropriate at the sole discretion of the Receiver, an Auction can be used at the conclusion of the SH Process to determine the Winning Bid and in turn the Selected Superior Offer as defined in the SH Process; and

iii.) Should an Auction be used as part of the SH Process, and 226 does not participate in the Auction, the Receiver agrees to pay the Increased Break Fee (as defined in the SH PSA schedules) which is equivalent to 10% of the additional amount gained from the Auction process, with a minimum of $20,000. For clarity, the Increased Break Fee would be in addition to the Break Fee paid to 226 if an Auction ensues as referenced in the SH PSA and SH Process. The Receiver believes that this Increased Break Fee is commercially reasonable and appropriate in the circumstances as it serves as compensation to 226 for supporting the Auction, if initiated by the Receiver.

56. Further, the Receiver is of the position that the SH SAVO is warranted in the circumstances and beneficial to all stakeholders including the secured creditors, Management and 119. As aforementioned in this Report, the SH Bid appears to be sufficient to not only payout all of the secured creditors in full but potentially result in a sizeable distribution to Management/119. The SH Bid was a direct result of the RFP process wherein numerous interested parties were contacted, BMO and 119 were consulted and the net recovery to the estate as a result of the SH Bid is not unreasonable given the potential values for the Building noted in the Confidential Supplement.

57. Based on the above, the Receiver respectfully requests the Court approve the SH Process, along with the related SH PSA and SH Term Sheet, and the SH SAVO.

CONCLUSION

58. Based on the contents outlined in this report, the Receiver respectfully requests the following:

a) an Order approving the Receiver's actions to date, including the Receiver's receipts and disbursements as outlined in this report;

b) an Order approving the SH Process along with the approval of the related SH Term Sheet;

c) SH SAVO approving the sale of the Building to the SH Bidder in accordance with the terms set out in the SH Bid, SH PSA, and the SH Term Sheet, provided no superior bids are received at the conclusion of the SH Process; and

d) an Order that seals the Confidential Supplement of the Receiver until such time as the sale of the Building has closed, these receivership proceedings are completed and the Receiver is discharged.

Respectfully submitted this 5th day of June 2023.

Ernst & Young Inc.
In its capacity as Receiver of
1194038 Alberta Ltd.
and not in its Personal Capacity

Per:

Matt McCulloch, CPA, CA, CIRP, LIT
Senior Vice President

Schedule “A”
HVAC Demands

CANADIAN TIRE
REAL ESTATE LIMITED

August 13, 2021

BY EMAIL: adobish@shaw.ca and courier

1194038 Alberta Limited
1304 Welbourn Lane
Edmonton, AB
T6M 2M2

Attention: Al Dobish

Dear Mr. Dobish:

RE: PartSource 0722 - Edmonton, AB
Lease dated June 1, 2008 between 1194038 Alberta Limited (the "Landlord") and Canadian Tire Real Estate Limited (the "Tenant"), as amended from time to time
10103 - 175th Street NW, Edmonton, AB (the "Lease")
HVAC issues at the Leased Premises

As you are aware from the email correspondence going back and forth between you and Hannah Doyle of our office, our expert's report came back stating that all roof top units serving our premises are about thirty (30) years old and they are in extremely poor condition. You have acknowledged that there are plans for replacement of such HVAC units, but it appears to be based on us guaranteeing to you five (5) more years of term at the Leased Premises.

Section 7.1 of the Lease provides that we are entitled to quiet enjoyment of the Leased Premises and Section 9 of Schedule E of the Lease states that the Landlord is liable to assume all responsibility and cost for the maintenance, care, repair and replacement of the HVAC systems and components in and serving the Leased Premises for the term of the lease. This clause prevails and is irrespective of any financing you wish to obtain.

Therefore, we require that the HVAC units are replaced within fifteen (15) days of the date of receipt of this letter in accordance with section 20.1 of the Lease. If the HVAC units are not replaced, we reserve all of our rights under the Lease and at law.

Yours truly,

CANADIAN TIRE REAL ESTATE LIMITED

MC

Mia Cooper
Associate Vice President, Legal Counsel

cc: Hannah Doyle, CTREL

2180 YONGE ST. P.O. BOX 770, STATION K, TORONTO, ONTARIO, CANADA M4P 2V8
TELEPHONE (416) 480-3000 FAX (416) 544-7715

Jumpstart
Giving kids a sporting chance

February 27, 2023

VIA E-Mail and Courier:

1194038 ALBERTA LIMITED
1304 Welbourn Lane
Edmonton, AB T6M 2M2
adobish@shaw.ca

Attention: Al Dobish

Dear Mr. Dobish:

RE: HVAC issues at PartSource #722 - Edmonton, AB
Lease dated June 1, 2008 (the "Lease") between 1194038 Alberta Limited (the "Landlord") and Canadian Tire Real Estate Limited (the "Tenant"), as amended from time to time 10103 - 175th Street NW, Edmonton, AB (the "Leased Premises")

Further to our letter dated August 13, 2021, and recent correspondence between you and Jan Renz of our office, the replacement of the HVAC units servicing the Leased Premises remains outstanding. This letter shall serve as written notice of the Landlord's ongoing default.

Section 7.1 of the Lease provides that we are entitled to quiet enjoyment of the Leased Premises and Section 9 of Schedule E of the Lease states that the Landlord is liable to assume all responsibility and cost for the maintenance, care, repair, and replacement of the HVAC systems and components in and serving the Leased Premises for the term of the lease. In addition, Section 3.2 outlines the conditions of default by the Landlord whereby the Tenant may perform the Landlord's covenant at the Landlord's expense.

If, within fifteen (15) days following this letter, the Landlord has failed to provide a reasonable timeline of its plan to replace the HVAC units within the next few months, we will deem the Landlord to have granted us the right to obtain access to the rooftop and an approval for the Tenant to commission a full inspection of the HVAC units and garner quotes for their replacement (as necessary). We may proceed with the replacement and provide a demand for reimbursement pursuant to and in accordance to Section 3.2 of the Lease.

The Tenant reserves all of its rights under the Lease and at law. All capitalized terms used and not otherwise defined herein shall have the same meaning as set out in the Lease. Should you have any questions with regard to the above or enclosed, please do not hesitate to contact the writer.

Sincerely,

CANADIAN TIRE REAL ESTATE LIMITED

DocuSigned by:
Zorana Jovanovic
8C7686CA737D483...

Zorana Jovanovic
National Portfolio Manager, Property Operations
zorana.jovanovic@cantire.com
Tel. (416) 475-7636

Jumpstart

Schedule “B”
HVAC Repair Quotes

RTU Inspections

Property: Partsource
50th Street and 131 avenue
Edmonton, Alberta

Job: AC Install

Quote #2300922-1

Requested by: Schedulers-Boardwalk

Date: 4.3.23

Prices are for components quoted below based specifications as requested.

Part source (Ernest and young)
RTU 1 York model :SS 122-17a
Serial: TCJ15Q513
Notes: Unit appears to be decommissioned, blower motor has been removed and is not responding to any call.
Recommend replacement of unit due to state of disrepair

Part source (Ernest and young)
RTU 2 York model :SA60G16025J
Serial:CCJ149671
Notes:Gas cock has been closed to unit and is seized , unit appears to of had gas locked out however tag missing , blower motor to unit continues to work most likely to help circulate air inside, due to age and state of disrepair recommend replacement

Part source (Ernest and young)
RTU #3 York Model :
SA6OG16O11-25

Unit appears to be decommissioned, No Gas connection. Recommend replacement of unit due to state of disrepair

Part source (Ernest and young)
RTU #4 no reading plates on unit.
Unable to discern make or model on unit as rating plate has been removed. Attempted to jump calls for heat , unit is unresponsive to heat calls. Disconnect to unit works intermittently. Blower motor is working however is unbalanced and shaking surrounding roof top. Heat exchanger beginning to rust. Due to age and state of repair would recommend full replace of unit.

Part Source (Ernest and Young)
Rtu#5 unable to determine model number and SS because of unreadable rating plates. Gas cock has been turned off to unit likely was locked out but missing lock out tags. Gas cock has seized. Blower motor is still operating likely to help circulate air indoors.

Part source (Ernest and young)
Rtu/mua 6
Model : SS92-17 A
Serial number : TCJ1502
Unit does not ignite , inducer / blower both run likely to circulate air. External / outdoor duck worked , massive seal of ducts broken / sun beaten. Recommend termination/replacement of unit, however external duck work, will need recall/ TLC in order to make water tight and except able.

Part source (Ernest and young)
RTU #7
M/N: KGA120S4BH3Y
S/N: 5613M02605
Highly recommend filter replacement (25x20x2 @4)
Blower motor is over amping , inducing motor is operating within spec, Unit is responding to heat call. (newest unit on roof , seams to be neglected) out door filters need cleaning. Condensing coils and evaporating coils need to be cleaned.

Part Source (Ernest and young)
Rtu #8
Model SS92-17A
Serial Number TCJ1502
Electrical has been shut off to unit as well as gas prior to our arrival, unit is no longer operational would recommend full replacement on unit

RTU Replacement

Property: Partsource
10103-175th Street
Edmonton, Alberta

Job: RTU Replacements

Quote #: 6554421

Requested by: Evan

Date: 04.10.23

Prices are for components quoted below based specifications as requested.

Job: RTU Replacements

Scope of work:

1. Arrive onsite and setup safety perimeter.
2. Disconnect to RTUS from electrical, gas, controls, and curb.
3. Use crane to remove 6 units and disposal.
4. Lift up new custom curb adaptors, and 6 Lennox RTU's.
5. Connect units to curbs, connect gas, electrical and control wire.
6. Commission and test units.

Units to be: RTU-1 KGC120S4MH
RTU-2,3 KGB060S4EX
RTU-6,8 KGC092D4MNH
RTU-7 KGC120S4MNH

Material-RTUS *$79,344.00*

Material-Gas/Electrical	*$3500.00*
Labor	*$4500.00*
Crane-Estimated	*$1800.00*
Trucking/Disposal	*$1500.00*

Delivery Estimated at 12-14 weeks.

Terms

1. Equipment remains property of Hydro-Flo P&H until payment is received in full of services rendered. Interest will be charged at 2% per annum on overdue accounts. Warranties will commence upon full payment of services rendered.
2. Hydro-Flo P&H will not be liable for damages to equipment or property whether ordinary, incidental, and consequential or Acts of God.
3. Prices Valid for 25 days. All Taxes/Permits Extra. Subject to Acceptance by Hydro-Flo P&H Ltd.
4. All charges for materials purchased by Hydro-Flo to be considered due and non-refundable upon delivery to jobsite.
5. This agreement will be constitute the entire agreement between client and Hydro-Flo and no other agreements, representations, warranties or previous statements shall be binding.
6. All changes by customer or issues by other trades shall be considered as extras and will be priced on an hourly basis.
7. Hydro-Flo will not be responsible for theft, damage, or loss of equipment or material delivered to jobsite.
8. Hydro-Flo will retain title until payment is made in full.
9. This agreement will constitute the entire arrangement between client and Hydro-Flo with respect to the quote, and no other representations, warranties, or statements by any person or agent other than those writing this agreement shall be binding to the parties.
10. This agreement shall inure to the benefit of and be binding upon the client and Hydro-Flo, their representatives, their heirs, administrators, executors, successors, and permitted assigns.
11. This agreement shall be governed and construed in accordance of the laws of the Province of Alberta. The client and Hydro-Flo each hereby irrevocably attorn to the jurisdiction of the Courts of the Province of Alberta.
12. Time shall be the essence of this agreement.

Nordic Mechanical Ltd.

7798-16 St. Edmonton, AB. T6P-1L9

March 27, 2023

To: Al Dobish
Re: Parts Source Stony Plain Rd. – Rooftop unit Replacement
HVAC Quote
Bid Price: **$ 97,820.00 plus GST**

Included in this price is the following;

-Remove and dispose of seven existing Rooftop units
-Remove and dispose of one existing Make-up air unit
-Remove and dispose of one existing roof mounted exhaust fan
-Cap existing roof openings where required
-Supply and install one 10 ton rooftop unit for North warehouse zone to replace existing 5 ton unit
-Supply and install one 7 ½ ton roof top unit for core warehouse washroom, office and SW warehouse zone to replace existing 7 ½ ton unit
-Supply and install one 5 ton unit for SE warehouse parts zone to replace existing 5 ton unit
-Duct distribution for 10 ton unit
-Curb adaptors
-Acoustic insulation
-Hoisting, Start-up of new rooftop units
-Electrical and gas connections
-Labour

Not included in this price is the following;

-Archtectural repairs, drywall, stucco, painting
-Demolition of existing 10 ton roof mounted and interior ductwork
-Structural review, Structural engineering, Structural re-inforcing
-Thermal insulation
-Air balancing
-Engineered drawings, Engineering fees
-Permits, Permit costs
-Service, repairs, parts, warranty for existing HVAC equipment

Separate Price:
To remove and dispose of ductwork from existing 10 ton rooftop unit, add on $ 2,500.00 plus GST
Cost of removing ductwork does not include architectural repairs

Regards,

Ken Fulmer
Nordic Mechanical Ltd.

7798-16 Street • Edmonton, Alberta T6P 1L9 • Phone: 780 469-7791 • Fax: 780 469-1932

Schedule “C”
Request for Proposals Teaser

Ernst & Young Inc.
Suite 1400 Epcor Tower
10423 – 101 Street
Edmonton, AB T5H 0E7

Tel: +1 780 423 5811
Fax: +1 780 428 8977
ey.com/parthenon

April 20, 2023

Request for Purchase Offers or Sale Proposals:
1194038 Alberta Ltd. – 10103 175 Street NW, Edmonton, Alberta

On March 15, 2023, pursuant to an Order granted by the Court of Queen's Bench of Alberta, Ernst & Young Inc. ("**EY**" or the "**Receiver**") was appointed as Receiver over the assets of 1194038 Alberta Ltd. ("**119**"). In its capacity as Receiver, EY is currently seeking offers to purchase or sale proposals in relation to a single-story commercial building occupied by Part Source (the "**Property**"), owned and operated by 119, located at:

10103 175 Street NW, Edmonton, Alberta T5S 1L9

Legal Description: Lot 7, Block 2, Plan 7722579

The Property was constructed in 1979 and is zoned IB – Industrial Business Zone with Major Commercial Corridors Overlay. The Property is approximately 20,397 square feet and constructed with concrete. There is an asphalt parking lot located at the front of the building with access directly to and from Stony Plain Rd.

(Please do not approach tenants with enquiries about the property. All questions related to the building or sale of the building should be made to the Receiver at the contact information listed below.)

<u>Offer to Purchase/ Sale Proposal deadline: May 5, 2023 at 4:00 PM (MDT)</u>

All offers in respect of the Property shall be made to the Receiver on an as is where is basis, and with the understanding that such offers are submitted without any representations or warranties from the Receiver in relation to the description, quality, quantity, or fitness for use or purpose of the Property, or otherwise. All parties replying to this Notice are responsible for conducting their own due diligence with respect to the Property. Any offer to purchase should clearly indicate any conditions of such offers (if any) and applicable timelines for resolution of any such conditions.

Building a better working world

Any offer accepted by the Receiver (if any) must also be approved by the Court of King's Bench of Alberta. Interested parties must make an appointment to inspect the property. All Offers / Proposals are irrevocable and cannot be withdrawn or amended prior to the earlier of the Receiver notifying the Offeror that the Offer / Proposal has been accepted (subject to Court Approval) or rejected; on May 5, 2023.

Offers shall be accompanied by a non-refundable deposit equal to at least 15% of the Offer price (the "Deposit"). The Deposit shall be paid by certified cheque or bank draft payable to "Ernst & Young Inc. – in Trust", in its capacity as Receiver of 1194038 Alberta Ltd.

If an Offer / Proposal is accepted by the Receiver and Court Approval is granted, the Deposit will be applied to the purchase price of the property on closing; or, in the case of a Proposal, the Deposit will be applied as a reduction of the net proceeds payable to the Estate. The Receiver will return any Deposit, within ten (10) business days of the related Offer / Proposal being rejected by the Receiver or by the Court. Deposit refunds will be sent by registered mail or courier.

If an Offer / Proposal is withdrawn prior to the Receiver notifying the Offeror if the Offer / Proposal has been rejected or accepted or if the Offeror fails to close the purchase on the terms and conditions set out herein after the Receiver accepts the Offer / Proposal and Court Approval is obtained, the Deposit shall be immediately and irrevocably forfeited to the Receiver.

The Receiver may, in its sole discretion:

a. negotiate the terms of any Offer / Proposal with one or more Offerors;
b. waive or vary any of these Terms and Conditions;
c. accept an Offer / Proposal, or portion thereof, prior to the Offer / Proposal Deadline;
d. reject an Offer / Proposal in full and unfettered discretion; and
e. withdraw this Invitation at any time.

If no purchase offers that are deemed acceptable to the Receiver are received by the deadline noted above the Receiver may (but is not obligated to) consider any sale proposals received through this process.

This request for offers to purchase or sale proposals does not prohibit the Receiver from accepting and closing any offer for all or any part of the Property prior to the proposal deadline, should any acceptable offer be received. If you have questions about this request for proposals or would like to arrange for a site visit of the Property, please contact **Evan MacKinnon by email at evan.mackinnon@parthenon.ey.com**.

Schedule "D"
Stalking Horse Purchase and Sale Agreement

1194038 ALBERTA LTD. by and through their Court-appointed receiver and manager, Ernst & Young Inc., not acting in its personal or corporate capacity

and

2262576 ALBERTA LTD.

AGREEMENT OF PURCHASE AND SALE

June 5, 2023

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SCHEDULES

AGREEMENT OF PURCHASE AND SALE

THIS AGREEMENT OF PURCHASE AND SALE dated as of June 5, 2023,

BETWEEN:

> **1194038 ALBERTA LTD.** by and through their Court-appointed receiver and manager, Ernst & Young Inc., not acting in its personal or corporate capacity (the "**Vendor**")

- and -

2262576 Alberta Ltd. (the "**Purchaser**")

WHEREAS:

A. On March 14, 2023, on the application of the Bank of Montreal, Ernst & Young Inc. (the “**Receiver**”) was appointed as the Receiver of all of the current and future assets, undertakings and properties, including all proceeds thereof, of the Defendant, 1194038 Alberta Ltd. (“**119 Alberta**”), by Order pronounced March 14, 2023, and amended by a further Order pronounced on March 20, 2023 (collectively the “**Receivership Order**”).

B. 119 Alberta made an application for a stay of the March 14, 2023, Order of Justice J. Fagnan pending a potential appeal (the “**Stay Application**”). Justice Fagnan heard the Stay Application on March 17, 2023 and denied 119 Alberta’s requested relief of a stay of proceedings giving her decision on March 20, 2023.

C. The Vendor has determined that it is in the best interests of the creditors and stakeholders of the Vendor to conduct a Sales Process pursuant to which potential offerors may submit offers to purchase the assets of the receivership (“**Receivership Assets**”), namely, the property located at 10103 175 Street NW, Edmonton, Alberta (the “**Property**”);

D. The Purchaser, subject to: (i) the Court Approvals; (ii) completion of the Sales Process; and (iii) determination by the Vendor that none of the offers made by Third Parties pursuant to the Sales Process constitutes a Superior Offer resulting in a Successful Offer; has agreed to make a "stalking horse bid" to purchase, and the Vendor has agreed to sell, transfer and assign to the Purchaser, all of the Vendor's Interest in and to the Property, on the terms and conditions set forth herein.

NOW THEREFORE, this Agreement witnesses that in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and adequacy of which are acknowledged by each Party to the other, the Parties covenant and agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement:

(a) "**Affiliate**" means, with respect to any specified Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with that specified Person. For the purposes of this definition, "control" (including with correlative meanings, controlling, controlled by and under common control with) means the power to direct or cause the direction of the management and policies of that Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise and, it being understood and agreed that with respect to a corporation or partnership, control shall mean direct or indirect ownership of more than 50% of the voting shares in any such corporation or of the general partnership interest or voting interest in any such partnership;

(b) "**Agreement**" means this agreement of purchase and sale and any schedules attached hereto which are referred to in this agreement, together with any amendment or supplement thereto;

(c) "**Applicable Law**" means, in respect of any Person, asset, transaction, event or circumstance: (i) statutes (including regulations enacted thereunder); (ii) judgments, decrees and orders of courts of competent jurisdiction (including the common law); (iii) regulations, orders, ordinances and directives issued by Governmental Authorities; and (iv) the terms and conditions of all permits, licenses, approvals and authorizations, in each case which are applicable to such Person, asset, transaction, event or circumstance;

(d) "**Approval and Vesting Order**" means an order of the Court approving the Transaction in accordance with the provisions of this Agreement, and vesting all of the Vendor's Interest in and to the Property in the Purchaser, such order to be substantially in the form attached hereto as Schedule 1.1(d) together with such modifications and amendments to such form as may be approved by the Vendor and the Purchaser, acting reasonably;

(e) "**Assignment and Assumption Agreement**" means an assignment and assumption agreement evidencing the assignment to the Purchaser of the Vendor's Interest in, to and under the Assumed Contracts and the assumption by the Purchaser of all of the Assumed Liabilities under or in respect of the Assumed Contracts, substantially in the form attached hereto as Schedule 1.1(e);

(f) "**Assumed Contracts**" means those contracts, agreements, easements, restrictions, leases and permits related to the Property which are described in Schedule 1.1(f);

(g) "**Assumed Environmental Liabilities**" means all Environmental Liabilities arising or accruing before, on or after the Closing Date and related to or in connection with the Property;

(h) "**Assumed Liabilities**" means, collectively, all liabilities and obligations arising from the possession, ownership and/or use of the Property including all Assumed Environmental Liabilities and Assumed Obligations;

(i) "**Assumed Obligations**" has the meaning ascribed to that term in Section 2.4;

(j) "**Business Day**" means any day other than a Saturday, Sunday or a statutory holiday in the Province of Alberta;

(k) "**Claim**" means any right, claim, cause of action or complaint of any Person that may be asserted or made in whole or in part against the Vendor, whether or not asserted or made, in connection with any indebtedness, liability or obligation of any kind whatsoever, and any interest accrued thereon or costs payable in respect thereof, including without limitation, by reason of the commission of a tort (intentional or unintentional), by reason of any breach of contract or other agreement (oral or written), by reason of any breach of duty (including, without limitation, any legal, statutory, equitable or fiduciary duty) or by reason of any right of ownership of or title to property or assets or right to a trust or deemed trust (statutory, express, implied, resulting, constructive or otherwise), and whether or not any indebtedness, liability or obligation is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present or future, known or unknown, by guarantee, surety or otherwise, and whether or not any right, claim, cause of action or complaint is executory or anticipatory in nature;

(l) "**Closing**" means the completion of the purchase by the Purchaser, and sale by the Vendor, of the Vendor's Interest in and to the Property and the completion of all other transactions contemplated by this Agreement that are to occur contemporaneously with such purchase and sale, all subject to and in accordance with the terms and conditions of this Agreement;

(m) "**Closing Cash Payment**" has the meaning ascribed to that term in Section 3.3(b);

(n) "**Closing Date**" means the date on which Closing occurs, being the date that is the 10th Business Day following the date upon which all conditions in Sections 12.1, 12.2 and 12.3 have been satisfied or waived, *provided, however*, that the Closing Date shall not be later than the Outside Date, *and provided further*, that if the land registry office in which title to the Lands is registered is not open for business on such date, the Closing Date shall be the next day on which such land registry office is open;

(o) "**Confidentiality Agreement**" means the confidentiality agreement among the Vendor and the Purchaser returned by the Purchaser to the Vendor on May 12, 2023;

(p) "**Consequential Damages**" has the meaning ascribed to that term in Section 15.5;

(q) "**Court**" means the Court of King's Bench of Alberta, Judicial Centre of Edmonton;

(r) "**Court Approval**" means the issuance of the Approval and Vesting Order by the Court approving the sale of the Property;

(s) "**Court Orders**" means, collectively, the Receivership Order, the Sales Process Order, and the Approval and Vesting Order;

(t) "**Cure Costs**" means, in respect of any Assumed Contract, all amounts, costs and expenses required to be paid to remedy all of the Vendor's monetary defaults in relation to the Assumed Contracts or otherwise required to secure a counterparty's or any other necessary Person's consent to the assignment of an Assumed Contract or as may be required pursuant to the Approval and Vesting Order, and includes any other fees and expenses required to be paid to a counterparty or any other Person in connection with the assignment of an Assumed Contract;

(u) "**Deposit**" has the meaning ascribed to that term in Section 3.2;

(v) "**Encumbrances**" means any pledges, liens, encumbrances, claims, charges, options or other security interests of any kind or other agreement or arrangement having the effect of conferring security;

(w) "**Environmental Laws**" means all statutes, regulations, ordinances, by-laws, and codes, now or hereafter in existence in Canada (whether federal, provincial or municipal) relating to the protection and preservation of the environment, occupational health and safety, transportation of dangerous goods or hazardous substances, including, without limitation, the *Environmental Protection and Enhancement Act* (Alberta), as amended, replaced, or restated from time to time;

(x) "**Environmental Liabilities**" means all claims, Liabilities, damages or expenses (whether accrued, actual, contingent, latent or otherwise), whenever arising, which relate to the Property, or arise from or in connection with past, present or future operations in respect thereof or which relate to or are associated with the environment, including, without limitation, Liabilities related to or arising from:

(i) the non-compliance with, the breach of or any liability under the applicable Environmental Laws;

(ii) presence, transportation, storage, use or disposal of toxic or hazardous substances;

(iii) release, spill, escape, emission, leak, discharge, migration or dispersal of toxic or hazardous substances;

(iv) removal, assessment, monitoring, sampling, response, abatement, clean-up, investigation, reporting of pollution or contamination of, or damage or other adverse effects to the environment; and

(v) Remediation and Reclamation Obligations,

including, without limitation, liabilities to compensate Third Parties for damages and Liabilities resulting from the items described in (i) through (v) above and, for purposes of this Agreement, "the environment" includes, without limitation, the air, the surface and subsurface of the earth, bodies of water (including, without limitation, rivers, streams, lakes, aquifers, groundwater) and plant and animal life (including humans);

(y) "**Excluded Contract**" means all contracts of 1194038 Alberta Ltd. relating to the Property which are not Assumed Contracts and all Unassignable Contracts for which the required consent to assignment has not been obtained pursuant to Section 2.3(a);

(z) "**Final Order**" means an order of the court that has not been vacated, stayed, set aside, amended, reversed, annulled or modified, as to which no appeal or application for leave to appeal therefrom has been filed and the applicable appeal period with respect thereto shall have expired without the filing of any appeal or application for leave to appeal, or if any appeal(s) or application(s) for leave to appeal therefrom have been filed, any (and all) such appeal(s) or application(s) have been dismissed, quashed, determined, withdrawn or disposed of with no further right of appeal and all opportunities for rehearing, reargument, petition for certiorari and appeal being exhausted or having expired without any appeal, motion or petition having been filed and remaining pending, any requests for rehearing have been denied, and no order having been entered and remaining pending staying, enjoining, setting aside, annulling, reversing, remanding, or superseding the same, and all conditions to effectiveness prescribed therein or otherwise by Applicable Law or order having been satisfied;

(aa) "**Governmental Authority**" means any domestic or foreign government, whether federal, provincial, state, territorial or municipal; and any governmental agency, ministry, department, tribunal, commission, bureau, board, court (including the Court) or other instrumentality exercising or purporting to exercise legislative, judicial, regulatory or administrative functions of, or pertaining to, government, having jurisdiction over a Party, the Property or this Transaction;

(bb) "**GST**" means taxes, interest, penalties and other additions thereto imposed under Part IX of the *Excise Tax Act* (Canada) and the regulations made thereunder;

(cc) "**GST Legislation**" means such act and regulations collectively;

(dd) "**Lands**" means those lands described in Schedule 1.1(dd) attached hereto;

(ee) "**Lease(s)**" has the meaning ascribed to that term in Section 11.3;

(ff) "**Legal Proceeding**" means any litigation, action, suit, investigation, hearing, claim, complaint, grievance, arbitration proceeding or other proceeding and includes any appeal or review or retrial of any of the foregoing and any application for same;

(gg) "**Liabilities**" means any and all assessments, charges, costs, damages, debts, expenses, fines, liabilities, obligations and penalties, whether accrued or fixed, absolute or contingent, matured or unmatured or determined or determinable, including those arising under any Applicable Law, Claim by any Governmental Authority or any order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority, and those arising under any contract, agreement, arrangement, commitment or undertaking and costs and expenses of any Legal Proceeding, assessment, judgment, settlement or compromise relating thereto, and all interest, fines and penalties and reasonable legal fees and expenses incurred in connection therewith (on a full indemnity basis);

(hh) "**Notice Period**" has the meaning ascribed to that term in Section 9.2(b);

(ii) "**Outside Date**" means August 28, 2023 or such other date as the Parties may mutually agree;

(jj) "**Parties**" means, collectively, the Purchaser and the Vendor, and "**Party**" means any one of them;

(kk) "**Permitted Encumbrances**" means the Encumbrances set forth in Schedule 1.1(kk) attached hereto;

(ll) "**Person**" means any individual, corporation, limited or unlimited liability company, joint venture, partnership (limited or general), trust, trustee, executory, Governmental Authority, or other entity however designated or instituted;

(mm) "**Property**" has the meaning ascribed to that term in the recitals hereto;

(nn) "**Purchase Price**" has the meaning ascribed to that term in Section 3.1;

(oo) "**Purchaser**" has the meaning ascribed to that term in the preamble hereto;

(pp) "**Purchaser's Solicitors**" means Reynolds Mirth Richards & Farmer LLP

(qq) "**Receivership Assets"** has the meaning ascribed to that term in the recitals hereto;

(rr) **"Receivership Order"** has the meaning ascribed to that term in the recitals hereto;

(ss) "**Receivership Proceedings**" means the proceedings commenced pursuant to the Receivership Order;

(tt) "**Remediation and Reclamation Obligations**" means all obligations to dismantle, decommission, abandon, remediate, restore and reclaim the surface or subsurface of lands associated with the Property, all as may be required in accordance with all applicable Environmental Laws;

(uu) "**Representative**" means, in respect of a Person, each director, officer, employee, agent, legal counsel, accountant, consultant, contractor, professional advisor and other representative of such Person and its Affiliates;

(vv) "**Sales Process**" means the sales solicitation process to be approved by the Court in relation to the Property, the procedure for which is described in the Stalking Horse Procedure;

(ww) "**Sales Process Order**" means the order of the Court to be sought by the Vendor, establishing among other things, the Sales Process;

(xx) "**Stalking Horse Procedure**" means the procedure to be followed with respect to the Sales Process, substantially in the form attached as Schedule 1.1(iii), and to be approved by the Sales Process Order;

(yy) "**Statement of Adjustments**" has the meaning ascribed to that term in Section 4.1;

(zz) "**Successful Offer**" has the meaning ascribed to that term in the Stalking Horse Procedure;

(aaa) "**Superior Offer**" has the meaning ascribed to that term in the Stalking Horse Procedure;

(bbb) "**Tax**" means all taxes, assessments, charges, dues, duties, rates, fees, imposts, levies and similar charges of any kind lawfully levied, assessed or imposed by any Governmental Authority under any applicable federal, provincial, territorial, municipal and local, foreign, or other statutes, ordinances or regulations imposing a tax, including income, capital, capital gains, goods and services, sales, use, consumption, excise, value added (including GST and any Harmonized Sales Tax), business, real property, personal property, transfer, franchise, withholding, payroll, or employer health taxes, Canada Pension Plan contributions, employment insurance premiums, and provincial workers' compensation payments, levy, assessment, whether computed on a separate, combined, unitary, or consolidated basis or any other manner, including any interest, penalties and fines associated therewith;

(ccc) "**Third Party**" means any Person who is not a Party;

(ddd) "**Third Party Claim**" means any Claim by a Third Party asserted against 1194038 Alberta Ltd.for which the Purchaser has indemnified the Vendor or is otherwise responsible pursuant to this Agreement;

(eee) "**Transaction**" means the transaction for the purchase and sale of the Property as contemplated in this Agreement;

(fff) "**Transfer Taxes**" means all present and future transfer taxes, sales taxes, use taxes, production taxes, value-added taxes, goods and services taxes, land transfer taxes, registration and recording fees, and any other similar or like taxes and charges imposed by a Governmental Authority in connection with the sale, transfer or registration of the transfer of the Property, including GST;

(ggg) "**Unassignable Contracts**" has the meaning ascribed to that term in Section 2.3(a);

(hhh) "**Vendor**" has the meaning ascribed to that term in the preamble hereto;

(iii) "**Vendor's Interest**" means, when used in relation to any asset, undertaking or property, all the right, title and interest, if any, of 1194038 Alberta Ltd. in such asset, undertaking or property but shall not include the Excluded Contracts; and

(jjj) "**Vendor's Solicitors**" means Witten LLP or such other firm or firms of solicitors as are retained or engaged by the Vendor from time to time and notice of which is provided to the Purchaser.

1.2 Interpretation

The following rules of construction shall apply to this Agreement unless the context otherwise requires:

(a) All references to monetary amounts, unless indicated to the contrary, are to the lawful currency of Canada.

(b) Words importing the singular include the plural and vice versa, and words importing gender include the masculine, feminine and neuter genders.

(c) The word "include" and "including" and derivatives thereof shall be read as if followed by the phrase "without limitation".

(d) The words "hereto", "herein", "hereof", "hereby", "hereunder" and similar expressions refer to this Agreement and not to any particular provision of this Agreement.

(e) The headings contained in this Agreement are for convenience of reference only and shall not affect the meaning or interpretation hereof.

(f) Reference to any Article, Section or Schedule means an Article, Section or Schedule of this Agreement unless otherwise specified.

(g) If any provision of a Schedule hereto conflicts with or is at variance with any provision in the body of this Agreement, the provisions in the body of this Agreement shall prevail to the extent of the conflict.

(h) All documents executed and delivered pursuant to the provisions of this Agreement are subordinate to the provisions hereof and the provisions hereof shall govern and prevail in the event of a conflict.

(i) This Agreement has been negotiated by each Party with the benefit of legal representation, and any rule of construction to the effect that any ambiguities are to be resolved against the drafting Party does not apply to the construction or interpretation of this Agreement.

(j) Reference to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof.

(k) References to an Applicable Law means such Applicable Law as amended from time to time and includes any successor Applicable Law thereto any regulations promulgated thereunder.

1.3 Schedules

The following are the Schedules attached to and incorporated in this Agreement by reference and deemed to be a part hereof:

Schedule 1.1(a)	Form of Approval and Vesting Order
Schedule 1.1(b)	Form of Assignment and Assumption Agreement
Schedule 1.1(c)	Assumed Contracts
Schedule 1.1(d)	Lands
Schedule 1.1(e)	Permitted Encumbrances
Schedule 2.1(a)	Stalking Horse Procedure
Schedule 2.1(b)	Stalking Horse Term Sheet

1.4 Interpretation if Closing Does Not Occur

If Closing does not occur, each provision of this Agreement that presumes that the Purchaser has acquired the Property shall be construed as having been contingent upon Closing having occurred.

ARTICLE 2
PURCHASE AND SALE

2.1 Agreement of Purchase and Sale

Subject to the terms and conditions of this Agreement, and in consideration of the Purchase Price and the assumption of the Assumed Liabilities, the Vendor hereby agrees to sell, assign and transfer to the Purchaser, and the Purchaser agrees to purchase, accept and receive from the Vendor, all of the Vendor's Interest in and to the Property, in each case free and clear of all Encumbrances (other than Permitted Encumbrances).

2.2 Transfer of Property and Assumption of Liabilities

Provided that Closing occurs and subject to the terms and conditions of this Agreement, possession, risk, and Vendor's Interest in the Property shall transfer to the Purchaser on the Closing Date, and the Purchaser agrees to assume, discharge, perform and fulfil all obligations and liabilities, known or unknown, of 1194038 Alberta Ltd. with respect to the Property (including the Assumed Liabilities), from and after the Closing Date.

Repairs relating to HVAC repairs being completed by Hydro Flo will be the responsibility of the Receiver as reference in Section 7.1.

2.3 Assignment of Assumed Contracts and Third Party Consents

(a) In the event that there are any Assumed Contracts which are not assignable by the Vendor to the Purchaser in whole or in part without the consent, approval or waiver of any party or parties to them, if any such consents, approvals or waivers therefor have not yet been obtained as of the Closing Date (any such Assumed Contracts, collectively, the "**Unassignable Contracts**"), then:

(i) each of the Parties shall use reasonable commercial efforts to obtain, as may be required by the terms of such Assumed Contracts, consents or approvals to the assignment of such Assumed Contracts; provided that to the extent that any Cure Costs are payable with respect to any Assumed Contract, the Purchaser shall be solely responsible for and shall pay all such Cure Costs, which shall be paid either directly to the applicable counterparty or to the Vendor (or to the Vendor's Solicitors) at or prior to Closing, which Cure Costs shall be in addition to the Purchase Price for the Property;

(ii) pending the effective transfer or assignment of the relevant Unassignable Contracts, the Vendor shall hold the rights, entitlements, benefits, remedies, duties and obligations under such Unassignable Contracts in trust for the exclusive benefit of the Purchaser as bare trustee and agent;

(iii) the Vendor will, at the request and expense of the Purchaser, in the name of the Vendor or otherwise as the Purchaser shall reasonably specify, take all such reasonable actions and do all such reasonable things as shall, in the sole opinion of the Vendor, be necessary or desirable in order that the rights, entitlements, benefits, remedies, duties and obligations of the Vendor under any such Unassignable Contract may be enjoyed, received or performed, as the case may be, in accordance with the terms of such Unassignable Contract, including that all monies receivable under such Unassignable Contract may be received by the Purchaser and that all rights and licenses under such Unassignable Contracts may be exercised by the Purchaser;

(iv) the Vendor shall, no later than 60 days after receipt of funds and determination of all application costs or expenses, pay over to the Purchaser all such monies collected by the Vendor in respect of such Unassignable Contracts following the Closing Date, net of any unpaid related costs or expenses (including any Taxes that are payable in respect of the receipt of such amounts);

(v) to the extent permitted by the applicable Unassignable Contract:

(A) the Purchaser will pay, perform and discharge the duties and obligations under such Unassignable Contract, on behalf of the Vendor, until such time as the effective transfer or assignment of the relevant Unassignable Contracts to the Purchaser; and

(B) the Vendor will use commercially reasonable efforts to exercise the rights, entitlements, benefits and remedies under such Unassignable Contracts, on behalf of the Purchaser until such time as the effective transfer or assignment of the relevant Unassignable Contracts to the Purchaser, or such Unassignable Contracts expire or otherwise terminate;

(vi) the Vendor shall have no liability as a consequence of the Vendor taking any action or causing anything to be done under this Section 2.3, and the Purchaser shall be responsible and liable for, and, as a separate covenant, shall hereby indemnify and save harmless the Vendor all costs and expenses reasonably incurred by the Vendor as a consequence of or in connection with this Section 2.3; and

(vii) the Vendor shall maintain its existence, and shall continue to be licensed, registered or otherwise qualified and authorized to conduct its affairs and carry on business as is necessary to fulfill its obligations as set out in this Section 2.3 until the earlier of the expiry or assignment of the last Unassignable Contract; *provided, however*, that the Vendor's obligations under this Section 2.3 shall expire and terminate and cease to be in effect on the date that is 10 Business Days following Closing, at which time all Unassignable Contracts for which required consent is required for the assignment of such Unassignable Contract which has not been obtained by such date shall be deemed to be an Excluded Contract under this Agreement, without any adjustment of any kind whatsoever to the Purchase Price.

(b) Nothing in this Agreement shall constitute an agreement to assign, and shall not be construed as an assignment of, or an attempt to assign to the Purchaser, any Unassignable Contract until such time as the necessary consents or approvals with respect to the assignment are obtained.

(c) It shall be the sole obligation of the Purchaser, at the Purchaser's sole cost and expense, to provide any and all Cure Costs, financial assurances, deposits or security that may be required by Governmental Authorities or any Third Parties to permit the transfer of the Property, including the Assumed Contracts, to the Purchaser.

(d) Notwithstanding the generality of Section 2.3(c), the Purchaser shall, prior to Closing, post or satisfy all necessary security, deposits, letters of credit, guarantees or other financial assurances necessary to take possession of the Property and to satisfy the security required by the Assumed Contracts.

2.4 Assumed Liabilities and Assumed Obligations

Following Closing, the Purchaser shall assume, perform, discharge and pay when due all of the Assumed Liabilities, including the obligations and liabilities of the Vendor related to the development of the Property arising pursuant to the Assumed Contracts (collectively, the "**Assumed Obligations**"). For greater certainty, the Purchaser acknowledges and agrees that the Assumed Obligations and the Assumed Liabilities are inextricably linked to the Property.

ARTICLE 3
PURCHASE PRICE

3.1 Purchase Price

The consideration payable by the Purchaser for the Property shall be the sum of Four Million Three Hundred and Seventy-Five Thousand Dollars ($4,375,000.00) (the "**Purchase Price**"). The Purchase Price shall be satisfied in accordance with Section 3.3, and subject to adjustment only as set forth in Article 4. The Purchaser and Vendor acknowledge and agree that the Purchase Price reflects the fair market value of the Property as of the Closing Date, having due regard to the Assumed Liabilities connected to and embedded in the Property that depress the value of the Property.

3.2 Deposit

(a) The sum of $656,250.00 has been paid by method of bank draft by the Purchaser to the Vendor (the "**Deposit**").

(b) If this Agreement is terminated:

(i) (A) pursuant to Section 14.1(a) by mutual agreement of the Parties, or (B) pursuant to Sections 14.1(b), 14.1(c), or 14.1(d) by the Purchaser, then the Deposit shall be returned to the Purchaser; or

(ii) for any other reason, the full amount of the Deposit shall be forfeited to the Vendor,

and, subject to Section 14.2, each Party shall be released from all obligations and liabilities under or in connection with this Agreement. In the event of termination of this Agreement under Section 3.2(b)(ii) pursuant to which the Vendor shall be entitled to the Deposit, the Parties agree that the amount of the Deposit constitutes a genuine pre-estimate of liquidated damages representing the Vendor's Liabilities as a result of Closing not occurring. The Purchaser hereby waives any claim or defence that the amount of the Deposit is a penalty or is otherwise not a genuine pre-estimate of the Vendor's damages.

3.3 Satisfaction of the Purchase Price

At Closing, the Purchase Price shall be paid and satisfied as follows:

(a) as to the amount of the Deposit, by crediting and setting-off the Deposit against the amount of the Purchase Price by an amount equal to the Deposit; and

(b) as to the balance of the Purchase Price (as adjusted pursuant to Article 4, the "**Closing Cash Payment**"), the Purchaser shall pay to the Vendor or the Vendor's Solicitors (in trust for and on behalf of the Vendor) such amount by certified cheque, bank draft or electronic wire transfer as the Vendor determines in its sole discretion.

ARTICLE 4
ADJUSTMENTS

4.1 Statement of Adjustments

The Vendor shall prepare and deliver to the Purchaser at least five Business Days prior to Closing a statement setting forth the Vendor's good faith calculation of the adjustments to the Purchase Price contemplated by this Article 4 (the "**Statement of Adjustments**"). The Statement of Adjustments shall be used to calculate the Purchase Price payable at Closing in accordance with Section 3.3, and shall be deemed final and binding for all purposes in connection with the adjustments contemplated by this Article 4.

4.2 Pro Rata Adjustments

Items of revenue and expense, including, but not limited to, Taxes (other than Transfer Taxes), insurance and rents with respect to the Property, as would customarily be adjusted for in a similar transaction in Alberta, shall be adjusted between the Purchaser and the Vendor as of 12:01 a.m. on the Closing Date. For clarity, the Statement of Adjustments shall include the Phase 2 Assessment Costs Adjustment, if applicable.

ARTICLE 5
TRANSFER TAXES

5.1 Transfer Taxes

The Parties agree that:

(a) the Purchase Price does not include Transfer Taxes and the Purchaser shall be liable for and shall pay, and be solely responsible for, any and all Transfer Taxes pertaining to the Purchaser's acquisition of the Property; and

(b) the Purchaser shall indemnify the Vendor for, from and against any Transfer Taxes (including any interest or penalties imposed by a Governmental Authority) that the Vendor is required to pay or for which the Vendor may become liable as a result of any failure by the Purchaser to self-assess, pay or remit such Transfer Taxes (including GST in accordance with Section 5.2).

5.2 GST

Notwithstanding the generality of Section 5.1, the Purchaser shall pay to the Vendor or the Vendor's Solicitors by certified cheque, bank draft, solicitor's certified trust cheque or electronic wire transfer on Closing all GST payable in respect of the Transaction in accordance with the GST Legislation. Notwithstanding the foregoing, if the Purchaser is registered under the GST Legislation, then provided that the Purchaser delivers on Closing:

(a) an officer's certificate of the Purchaser confirming that the Purchaser is buying the Property for its own account and not on behalf of any other Person; and

(b) an undertaking and indemnity under which the Purchaser covenants to remit all eligible GST and to indemnify the Vendor against any damages (including any interest or penalties imposed by a Governmental Authority) by reason of the failure of the Purchaser so to do, the Vendor will not collect GST from the Purchaser and the Purchaser will file returns and remit any GST eligible when and to the extent required by the GST Legislation.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES

6.1 Vendor's Representations

The Vendor hereby represents and warrants to the Purchaser that:

(a) subject to Court Approval being obtained, the Vendor has taken all necessary corporate or other acts to authorize the execution and delivery by it of this Agreement;

(b) subject to Court Approval being obtained, this Agreement has been duly executed and delivered by the Vendor and constitutes a legal, valid and binding obligation of the Vendor and is enforceable against the Vendor in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization or similar Applicable Laws relating to creditors' rights generally and subject to general principles of equity; and

(c) the Purchaser will not be liable for any brokerage commission, finder's fee or other similar payment in connection with the Transaction because of any action taken by, or agreement or understanding reached by the Vendor.

6.2 Purchaser's Representations

The Purchaser hereby represents and warrants to the Vendor that:

(a) it is, as applicable, a corporation duly incorporated or a limited partnership duly formed and validly subsisting under the laws of the jurisdiction of its incorporation or formation and has the requisite power and authority to enter into this Agreement and to complete the Transaction;

(b) it has taken all necessary corporate or other acts to authorize the execution, delivery and performance by it of this Agreement;

(c) neither the execution of this Agreement nor its performance by the Purchaser will result in a breach of any term or provision or constitute a default under any indenture, mortgage, deed of trust or any other agreement to which the Purchaser is a party or by which it is bound which breach could materially affect the ability of the Purchaser to perform its obligations hereunder;

(d) the execution, delivery and performance of this Agreement by the Purchaser does not and will not require any consent, approval, authorization or other order of, action by, filing with or notification to, any Governmental Authority, except where failure to obtain such consent, approval, authorization or action, or to make such filing or notification, would not prevent or materially delay the consummation by the Purchaser of this Transaction;

(e) this Agreement has been duly executed and delivered by it and constitutes a legal, valid and binding obligation of the Purchaser and is enforceable against the Purchaser in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization or similar Applicable Laws relating to creditors' rights generally and subject to general principles of equity;

(f) the Purchaser is not a non-Canadian Person within the meaning of the *Investment Canada Act* (Canada) nor a non-resident of Canada for the purposes of the *Income Tax Act* (Canada);

(g) the Vendor will not be liable for any brokerage commission, finder's fee or other similar payment in connection with the Transaction because of any action taken by, or agreement or understanding reached by the Purchaser;

(h) on the Closing Date, the Purchaser will meet all requirements of Governmental Authorities to purchase and accept a transfer of the Property;

(i) the Purchaser will have the financial resources necessary to pay, as and when due from the Purchaser, the Purchase Price (including the Deposit), the Transfer Taxes, the Cure Costs, its legal fees and expenses, registration costs and any other amounts payable by the Purchaser pursuant hereto; and

(j) the Purchaser has the financial resources necessary to post or satisfy all necessary security, deposits, letters of credit, guarantees or other financial assurances necessary to take possession of the Property and to satisfy the security required by the Assumed Contracts.

6.3 Enforcement of Representations and Warranties

(a) The representations and warranties of the Vendor contained in this Agreement shall merge on Closing and shall thereafter be of no further force and effect. Effective upon the occurrence of Closing, the Purchaser hereby releases and forever discharges the Vendor from any breach of any representations and warranties set forth in this Agreement. For greater certainty, none of the representations and warranties of the Vendor contained in this Article 6 shall survive Closing and, the Purchaser's sole recourse for any material breach of representation or warranty by the Vendor shall be for the Purchaser to not complete the Transaction in accordance with this Agreement.

(b) The representations and warranties of the Vendor made herein or pursuant hereto are made for the exclusive benefit of the Purchaser, and the representations and warranties of the Purchaser made herein or pursuant hereto are made for the exclusive benefit of the Vendor, as the case may be, and are not transferable and may not be made the subject of any right of subrogation in favour of any other Person.

(c) The Parties expressly acknowledge and agree that the provisions of this Section 6.3 and the limit on each Party's liability set out in this Section 6.3 are intended by the Parties as a limitation of liability that represents a fair and equitable allocation of the risks and liabilities that each Party has agreed to assume in connection with the subject matter hereof and is not an agreement within the provision of subsection 7(2) of the *Limitations Act* (Alberta).

ARTICLE 7
"AS IS, WHERE IS" AND NO ADDITIONAL REPRESENTATIONS AND WARRANTIES

7.1 Due Diligence Acknowledgement

The Purchaser acknowledges and agrees that:

(a) it has sole responsibility to perform any inspections it deems pertinent to the purchase of the Property and to be satisfied as to the condition of the Property prior to the Closing Date;

(b) notwithstanding the fact that it was permitted to review any diligence materials and disclosures provided by the Vendor, including the Data Room Information, the Vendor assumes no liability for errors or omissions in such diligence materials and disclosure or any other property listings or advertising, promotional or publicity statements and materials, and makes no representations or warranties in respect thereof;

(c) by entering into this Agreement with the Vendor, the Purchaser shall be deemed to represent, warrant and agree with respect to the Property that:

(i) the Purchaser has or will have inspected the Property and is familiar and satisfied with the physical condition thereof including in respect of the Assumed Environmental Liabilities and has conducted such investigation of the Property as the Purchaser has determined appropriate;

(ii) the Vendor hasn't made any oral or written representation, warranty, promise or guarantee whatsoever to the Purchaser, expressed or implied, and in particular, that no such representations, warranties, guarantees, or promises have been made with respect to the physical condition, operation, or any other matter or thing affecting or related to the Property and/or the offering or sale of the Property;

(iii) the Purchaser has not relied upon any representation, warranty, guarantee or promise or upon any statement made or any information provided concerning the Property made available to the Purchaser by the Vendor;

(iv) The Vendor shall pay for the initial repairs currently being performed on the HVAC by Hydro Flo. These repairs include the replacement of decommissioned roof top units, with an expected completion date of September 1, 2023. Any subsequent repairs or maintenance following the completion of the Hydro Flo work will be the responsibility of the Purchaser, excluding any warranty work provided by Hydro Flo. The Vendor has the right to any repairs under any agreements and/or contracts between the Vendor and Hydro Flo;

(v) the Purchaser has entered into this Agreement after having relied solely on its own independent investigation, inspection, analysis, appraisal and evaluation of the Property and the facts and circumstances related thereto;

(vi) any information provided or to be provided by or on behalf of the Vendor with respect to the Property was obtained from information provided to the Vendor and the Vendor has not made any independent investigation or verification of such information, and makes no representations as to the accuracy or completeness of such information;

(vii) without limiting the generality of the foregoing, the Vendor was not under any obligation to disclose to the Purchaser, and shall have no liability for its failure to disclose to the Purchaser, any information known to it relating to the Property except as may be required by any Applicable Law; and

(viii) the Vendor isn’t liable or bound in any manner by any oral or written statements, representations or information pertaining to the Property, or the operation thereof, made or furnished by any real estate broker, agent, employee, or other Person.

7.2 "As Is, Where Is", No Additional Representations

(a) Without limiting any other provision of this Agreement, the Purchaser acknowledges and agrees that it is acquiring the Property on an "as is, where is" and "without recourse" basis with all defects, both patent and latent, and with all faults, whether known or unknown, presently existing or that may hereafter arise. The Purchaser acknowledges and agrees that the Vendor has not made, does not make and specifically negate and disclaim any representation, warranty, promise, covenant, agreement or guaranty of any kind or character whatsoever, whether express or implied, oral or written, past, present or future, of, as to, concerning or with respect to the Property. For greater certainty, but without limitation, except as expressly set forth in this Agreement, the Vendor doesn’t make any condition, representation or warranty whatsoever, express or implied, with respect to:

(i) the value, nature, quality or condition of the Property, including the water, soil and geology;

(ii) the income to be derived from the Property, if any;

(iii) the suitability of the Property for any and all purposes, activities and uses which the Purchaser may desire to conduct thereon;

(iv) the compliance of or by the Property or its operation with any Applicable Law (including Environmental Laws);

(v) the habitability, merchantability, marketability, profitability or fitness for a particular purpose of the Property;

(vi) the validity or enforceability of the Assumed Contracts or the ability to assign any Unassignable Contracts;

(vii) any regulatory approvals, permits and licenses, consents or authorizations that may be needed to complete the purchase of the Property contemplated by this Agreement;

(viii) the manner or quality of the construction or materials, if any, incorporated into the Property;

(ix) the manner, quality, state of repair or lack of repair of the Property, with the exception of the ongoing HVAC repairs as referenced in Section 7.1;

(x) the existence of any view from the Property or that any existing view will not be obstructed in the future;

(xi) the conformity of any plans or specifications for the Property that may be provided to the Purchaser;

(xii) the conformity of the Property to applicable zoning by-law or building code requirements and whether the Property complies with any existing land use or zoning by-laws or regulations, or municipal development agreements or plans;

(xiii) the existence of soil instability, past soil repairs, susceptibility to landslides, sufficiency of under-shoring, sufficiency of drainage, or any other matter affecting the stability or integrity of the Property or any buildings or improvements situated thereon;

(xiv) whether the Property is located in a seismic hazards zone or a flood hazard zone;

(xv) the presence of termites or other pests and any damage to the Property and/or its improvements that may have occurred as a result;

(xvi) the condition of any improvements included in this Agreement;

(xvii) the size and dimensions of the Property, including the aggregate net developable acres;

(xviii) the nature and quantum of the Assumed Liabilities; and

(xix) any other matter with respect to the Property.

(b) The Purchaser acknowledges that the release and disclaimer described in this Article 7 is intended to be very broad and the Purchaser expressly waives and relinquishes any rights or benefits it may have under any Applicable Law designed to invalidate releases of unknown or unsuspected claims.

(c) Except for its express rights under this Agreement, the Purchaser hereby waives all rights and remedies (whether now existing or hereinafter arising and including all common law, tort, contractual and statutory rights and remedies) against the Vendor in respect of the Property and any representations or statements made or information or data furnished to the Purchaser or its Representatives in connection herewith (whether made or furnished orally or by electronic, faxed, written or other means). Such waiver is absolute, unlimited, and includes, but is not limited to, waiver of express warranties, implied warranties, any warranties contained in the *Sale of Goods Act* (Alberta) (or similar applicable statutes, all as may be amended, repealed or replaced), warranties of fitness for a particular use, warranties of merchantability, warranties of occupancy, strict liability and claims of every kind and type, including claims regarding defects, whether or not discoverable or latent, product liability claims, or similar claims, and all other claims that may be later created or conceived in strict liability or as strict liability type claims and rights.

(d) The Purchaser through its Representatives will, upon 3 Business Days prior notice by the Purchaser to the Vendor, be given reasonable access during the Vendor's regular business hours to the Property, which shall, at a minimum, be from 9:00 a.m. – 5:00 p.m. (MST), subject to tenant's rights under the Leases. The Vendor agrees to allow the Purchaser and the Purchaser's Representatives to carry out, at the Purchaser's expense, such tests and inspections as the Purchaser may deem necessary, subject to the limitations contained in the subsequent paragraph hereto. The Purchaser will promptly repair at its cost any damage caused to the Property as a result of such access by the Purchaser or its Representatives, and if the Purchaser fails to do so then the Vendor may effect such repairs and deduct the cost thereof from the Deposit. The Purchaser will indemnify and hold the Vendor harmless from any and all liabilities, actions, costs, damages and liens (including builders' liens) arising from the entry of the Purchaser or its Representatives on the Property.

(e) Notwithstanding anything to the contrary contained herein, the Purchaser shall not be permitted to carry out any intrusive testing or investigations without the prior written consent of the Vendor, which consent shall not be unreasonably withheld or delayed and which testing and investigations shall, at the option of the Vendor, be carried out in the presence of a representative of the Vendor. Furthermore, the Purchaser shall not directly or indirectly contact any of the tenants without providing prior written notice to the Vendor and an opportunity for the Vendor or its representative to be present at any such meeting with a tenant or to participate in any telephone, email or other conversation. The Purchaser shall keep all information obtained from the Vendor in strict confidence and will only make such information available to those Purchaser's Representatives on a need to know basis.

ARTICLE 8
RISK, INSURANCE AND EXPROPRIATION

8.1 Risk

The Property will be at the sole risk and responsibility of the Vendor until the Closing Date, and thereafter at the sole risk and responsibility of the Purchaser.

8.2 Insurance

Any property, liability and other insurance maintained by the Vendor shall not be transferred at Closing and shall remain the responsibility of the Vendor until the Closing Date. The Purchaser shall be responsible for placing its own property, liability and other insurance coverage with respect to the Property in respect of the period from and after 12:01 a.m. on the Closing Date.

8.3 Expropriation

If before the Closing Date:

(a) all or substantially all of the Property is expropriated or seized by any Governmental Authority or any other Person in accordance with Applicable Law or if notice of any such expropriation or seizure shall have been given in accordance with Applicable Law, the Purchaser, in its discretion, acting reasonably, shall have the option, exercisable by notice to the Vendor given prior to the Closing Date to either: (i) complete the Transaction; or (ii) terminate this Agreement as provided in Section 14.1(b); or

(b) if less than all or substantially all of the Property is expropriated or seized by any Governmental Authority or any other Person in accordance with Applicable Law or if notice of any such expropriation or seizure shall have been given in accordance with Applicable Law, the Purchaser shall be required to complete the Transaction, without any reduction or adjustment to the Purchase Price; *provided*, *however*, that any monetary compensation received by the Vendor in connection with an expropriation or seizure described in this Section 8.3 shall be received by the Vendor in trust for, and paid to the Purchaser.

ARTICLE 9
INDEMNIFICATION

9.1 Indemnification Given by Purchaser

If Closing occurs, the Purchaser shall:

(a) be liable to the Vendor; and

(b) as a separate covenant, indemnify and save harmless the Vendor from and against,

all Liabilities suffered, sustained, paid or incurred by the Vendor in connection with the Property and the Assumed Liabilities on or after the Closing Date; including: (i) all Liabilities attributable to the ownership operation, use, construction or maintenance of the Property; (ii) all Liabilities related to any Unassignable Contracts as contemplated in Section 2.3, including any and all Cure Costs; and (iii) any other Liabilities for which the Purchaser has agreed to indemnify the Vendor pursuant to this Agreement. The Purchaser's indemnity obligations set forth in this Section 9.1 shall survive the Closing Date indefinitely pursuant to Section 15.3.

9.2 Third Party Claims

(a) If the Vendor receives written notice of the commencement or assertion of any Third Party Claim for which the Purchaser is liable (or has otherwise agreed to indemnify the Vendor against) pursuant to this Agreement, the Vendor shall give the Purchaser reasonably prompt notice thereof, but in any event no later than ten days after receipt of such notice of such Third Party Claim. Such notice to the Purchaser shall describe the Third Party Claim in reasonable detail and shall indicate, if reasonably practicable, the estimated amount (or the method of computation of the amount) of the Liabilities that has been or may be sustained by the Vendor, and a reference to the provisions of this Agreement upon which such claim is based.

(b) The Purchaser may participate in the defence of any Third Party Claim by giving notice to that effect to the Vendor not later than ten days after receiving notice of that Third Party Claim (the "**Notice Period**") so long as: (i) the Purchaser first acknowledges to the Vendor, in writing, liability to the Vendor under this Agreement with respect to such Third Party Claim and that the outcome of such Third Party Claim does not alter or diminish the Purchaser's obligation to indemnify the Vendor pursuant to this Agreement, subject to the Purchaser's right to contest in good faith the Third Party Claim; (ii) the Purchaser has the financial resources to defend against the Third Party Claim and fulfill any indemnification obligations and has provided the Vendor with evidence thereof; (iii) the Third Party Claim involves monetary damages; and (iv) the Purchaser participates in the defence of the Third Party Claim actively and diligently. The Purchaser's right to do so shall be subject to the rights of any insurer or other third party who has potential liability in respect of that Third Party Claim. The Purchaser shall pay all of its own expenses of participating in or assuming such defence. In the event that the Purchaser elects to participate in the defence of a Third Party Claim pursuant to this Section 9.2(b), then the Vendor shall cooperate in good faith in the defence of each Third Party Claim and may participate in such defence assisted by counsel of its own choice at its own expense.

(c) If the Vendor has not received notice within the Notice Period that the Purchaser has elected to participate in the defence of such Third Party Claim in accordance with Section 9.2(b), or if the Purchaser has given such notice but thereafter fails or is unable to participate in the defence of such Third Party Claim actively and diligently, the Vendor may, at its option, elect to settle or compromise the Third Party Claim on terms of its choosing, or assume such defence assisted by counsel of its own choosing, and the Purchaser shall be liable for all reasonable costs and expenses paid or incurred in connection therewith and any Liabilities suffered or incurred by the Vendor with respect to such Third Party Claim.

9.3 Failure to Give Timely Notice

Notwithstanding that time is of the essence, a failure to give timely notice as provided in this Article 9 shall not affect the rights or obligations of any Party except and only to the extent that, as a result of such failure, any Party which was entitled to receive such notice was deprived of its right to recover any payment under any applicable insurance coverage or was otherwise prejudiced as a result of such failure.

9.4 No Merger

There shall not be any merger of any liability or indemnity hereunder in any assignment, conveyance, transfer or document delivered pursuant hereto notwithstanding any rule of law, equity or statute to the contrary and all such rules are hereby waived.

ARTICLE 10
ENVIRONMENTAL MATTERS

10.1 Assumption of Environmental Liabilities

The Purchaser acknowledges that insofar as the environmental condition of the Property is concerned, and without limiting the generality of Section 7.2, it will acquire the Property on an "as is, where is" and "without recourse" basis. The Purchaser acknowledges that it has had or will have the opportunity to inspect and assess the environmental condition of the Property and that it is not relying upon any representation or warranty of the Vendor as to the environmental condition of the Property, Environmental Liabilities or Remediation and Reclamation Obligations. The Purchaser further agrees that, it shall be solely liable and responsible for any and all Liabilities which the Vendor may suffer, sustain, pay or incur, as a result of any matter or thing arising out of, resulting from, attributable to or connected with any Assumed Environmental Liabilities. Once Closing has occurred and without limiting the foregoing, the Purchaser shall be solely responsible for all Assumed Environmental Liabilities, hereby releases the Vendor from any claims the Purchaser may have against the Vendor with respect to all such Assumed Environmental Liabilities, and acknowledges its indemnification obligations described in Article 9. The Purchaser and the Vendor acknowledge and agree that the Environmental Liabilities are future costs and obligations associated with ownership of the Property that are tied and connected to the ownership of the Property such that they are embedded with the Property. The Purchaser acknowledges and agrees that these covenants shall survive Closing.

ARTICLE 11
COVENANTS

11.1 Sale Process

This Agreement shall constitute the Stalking Horse APA for the purposes of the Sales Process (as described in the Stalking Horse Procedure). Provided the Sales Process Order is granted by the Court, the obligation of the Purchaser to purchase the Property, assume the Assumed Liabilities and Assumed Contracts and the obligation of the Vendor to sell the Property pursuant hereto is subject to the Sales Process and the satisfaction of all conditions therein. Notwithstanding the foregoing, the Parties hereby acknowledge and agree as follows:

(a) The Vendor shall prepare all materials and shall as soon as reasonably practicable after execution of this Agreement: (i) bring an application for the issuance of the Sales Process Order in the Court; and (ii) serve such parties as the Court and the Purchaser, acting reasonably, may require for applications and motions seeking the entry of the Sales Process Order. The Purchaser, at its own expense, shall promptly provide to the Vendor all such information and assistance within the Purchaser's power as the Vendor may reasonably request to obtain the Sales Process Order, including such information as may be required to reasonably evaluate the Purchaser's financial ability to perform their obligations hereunder. The application for the Sales Process Order may be adjourned or rescheduled by the Vendor or their Representatives upon notice to the Purchaser.

(b) Provided that the Sales Process Order is granted by the Court, the Vendor shall comply with the procedures and timelines set out in the Stalking Horse Procedure and shall not waive any provision of, or apply to the Court to amend, or consent to any application by any Person for the amendment of, the Stalking Horse Procedure without the prior written consent of the Purchaser, acting reasonably.

(c) In the event that:

(i) the Vendor (in consultation with the Monitor) determines that none of the offers made by Third Parties (if any) pursuant to the Sales Process constitute a Superior Offer;

(ii) a Successful Offer is made by the Purchaser pursuant to the Sales Process;

(iii) a Successful Offer by a Third Party is not approved by the Court; or

(iv) a Successful Offer by a Third Party is not completed;

then, as soon as reasonably practicable, each of the Vendor and the Purchaser shall take all actions reasonably necessary to have this Agreement and the Transaction approved pursuant to the Approval and Vesting Order and, specifically, the Vendor shall: (a) bring an application for the issuance of the Approval and Vesting Order in the Court; and (b) serve such parties as the Court and the Purchaser, acting reasonably, may require for applications and motions seeking the entry of the Approval and Vesting Order. The Purchaser, at its own expense, shall promptly provide to the Vendor all such information and assistance within the Purchaser's power as the Vendor may reasonably request to obtain the Approval and Vesting Order, including such information as may be required to reasonably evaluate the Purchaser's financial ability to perform their obligations hereunder.

The application for the Approval and Vesting Order may be adjourned or rescheduled by the Vendor or their Representatives upon notice to the Purchaser.

(d) In the event that a Superior Offer by a Third Party becomes a Successful Offer that is approved by the Court and is subsequently consummated, then, immediately following the completion of the transaction contemplated by the Successful Offer, the Monitor shall pay to the Purchaser a break fee in the amount of $125,000, being an amount equal to approximately 2.8% percent of the Purchase Price (the "**Break Fee**") from the proceeds of the Successful Offer.

(e) Should there be multiple Superior Offers of similar value and conditions, the Receiver has the right to hold an auction for the Superior Offerors (the "**Auction**"). Up to 10% of any additional amount received as a result of the Auction will be added to the Break Fee. Should the Auction proceed, a minimum $20,000 will be added to the Break Fee, regardless of result.

(f) Upon the successful completion of the transaction contemplated by the Successful Offer by a Third Party: (i) this Agreement shall automatically terminate; (ii) the Vendor and the Purchaser shall have no further liabilities or obligations to each other with respect to this Agreement or the Transaction, other than those set forth in Section 14.2 and the Break Fee described in Section 11.1(d); and (iii) the Deposit shall be governed by Section 3.2.

(g) Nothing in the Confidentiality Agreement shall prohibit the Vendor or the Monitor from disclosing this Agreement, the terms and conditions of the Transaction or any other documents or information required or desirable to be disclosed pursuant to, and for the purposes of, the Sales Process.

11.2 Court Approval

(a) The Vendor shall prepare all materials, and shall as soon as reasonably practicable after execution of this Agreement bring an application for the issuance of the Approval and Vesting Order in the Court. The Purchaser, at its own expense, shall promptly provide to the Vendor all such information and assistance within the Purchaser's power as the Vendor may reasonably request to obtain the Approval and Vesting Order, including such information as may be required to reasonably evaluate the Purchaser's financial ability to perform its obligations hereunder. The application for the Approval and Vesting Order may be adjourned or rescheduled by the Vendor or their Representatives upon notice to the Purchaser.

(b) In the event an appeal is taken, or a stay pending appeal is requested, from the Court Orders, the Vendor shall promptly notify the Purchaser of such appeal or stay request and shall provide to the Purchaser a copy of the related notice of appeal or order of stay. The Vendor shall also provide the Purchaser with written notice of any motion or application filed in connection with any appeal from either of such orders.

11.3 Leases

The Purchaser acknowledges that it is purchasing the Property subject to any lease arrangement(s) entered into by the Vendor with respect to the Property (herein referred to as the "**Lease(s)**"), each of which shall be described as a Permitted Encumbrance in Schedule 1.1(kk), and which shall constitute an Assumed Contract, and in accordance with such acknowledgement, the Purchaser agrees that it is purchasing the Lands subject to the rights of any tenant as set out in any such Lease(s).

11.4 Possession

The Vendor shall deliver to the Purchaser on the Closing Date any keys, combinations, codes and other similar such items and information relating to the Property, if any.

11.5 Title Insurance

The Purchaser shall obtain title insurance coverage with a reputable title insurance provider in order to allow for the unconditional release of the Purchase Price on the Closing Date, notwithstanding that the Approval and Vesting Order may not be registered against title to the Lands as at such date. The Vendor shall use commercially reasonable efforts to assist the Purchaser in obtaining such title insurance coverage. The cost of obtaining any title insurance in connection with the purchase of the Property shall be at the sole cost of the Purchaser.

ARTICLE 12
CONDITIONS

12.1 Mutual Conditions

The respective obligations of the Parties to complete the purchase and sale of the Property are subject to the following conditions being fulfilled or performed as at or prior to the Closing Date:

(a) the Court shall have granted the Approval and Vesting Order;

(b) the Approval and Vesting Order shall be a Final Order;

(c) no Governmental Authority shall have enacted, issued or promulgated any final or non-appealable order or Applicable Law which has the effect of: (i) making any of the transactions contemplated by this Agreement illegal; or (ii) otherwise prohibiting, preventing or restraining the Vendor from the sale of the Property; and

(d) the Closing is not otherwise prohibited by Applicable Law.

The foregoing conditions are for the mutual benefit of the Vendor and the Purchaser and may be asserted by the Vendor or the Purchaser regardless of the circumstances and may be waived only with the agreement of both the Vendor and the Purchaser.

12.2 Conditions for the Benefit of the Purchaser

The obligation of the Purchaser to complete the purchase of the Property is subject to the following conditions being fulfilled or performed as at or prior to the Closing Date:

(a) all representations and warranties of the Vendor contained in Section 6.1 of this Agreement shall be true and correct in all material respects as at the Closing Date with the same force and effect as if made at and as of such time;

(b) the Vendor shall have complied with and performed, in all material respects, all of its covenants and obligations contained in this Agreement; and

(c) the Vendor shall have executed and delivered or caused to have been executed and delivered to the Purchaser at or before the Closing all the documents contemplated in Section 13.2.

The foregoing conditions are for the exclusive benefit of the Purchaser and may be waived by it in its sole discretion, in whole or in part, from time to time without prejudice to any other rights which the Purchaser may have.

12.3 Conditions for the Benefit of the Vendor

The obligation of the Vendor to complete the sale of the Property is subject to the following conditions being fulfilled or performed as at or prior to the Closing Date:

(a) all representations and warranties of the Purchaser contained in Section 6.2 of this Agreement shall be true and correct in all material respects as at the Closing Date with the same force and effect as if made at and as of such time;

(b) the Purchaser shall have complied with and performed in all material respects all of its covenants and obligations contained in this Agreement;

(c) the Purchaser shall have executed and delivered or caused to have been executed and delivered to the Vendor at or before the Closing all the documents contemplated in Section 13.3;

(d) Court Approval shall have been granted; and

(e) the Vendor has not lost its ability to convey the Property due to the appointment of a receiver or a receiver-manager, an order of the Court or otherwise pursuant to the Receivership Proceedings, provided such order or other action pursuant to the Receivership Proceedings is not at the voluntary initiative of the Vendor.

The foregoing conditions are for the exclusive benefit of the Vendor and may be waived by it in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which the Vendor may have.

12.4 Satisfaction of Conditions

Each of the Parties shall proceed diligently and in good faith and use all commercially reasonable efforts to fulfill and assist in the fulfillment of the conditions set forth in Sections 12.1, 12.2 and 12.3. In addition, each of the Parties agrees not to take any action that could reasonably be expected to preclude, delay or have an adverse effect on this Transaction or would render, or may reasonably be expected to render, any representation or warranty made by it in this Agreement untrue in any material respect.

ARTICLE 13
CLOSING

13.1 Closing Date and Place of Closing

Subject to the conditions set out in this Agreement, the Transaction shall close and be completed on the Closing Date, or at such other time as the Parties may agree in writing.

13.2 Deliveries on Closing by the Vendor

The Vendor shall deliver (or cause to be delivered) to the Purchaser's Solicitor on or before the Closing Date:

(a) a Court certified copy of the Approval and Vesting Order;

(b) the Assignment and Assumption Agreement duly executed by the Vendor;

(c) all documents listed in Section 13.3 which contemplate execution by the Vendor;

(d) any other documents, resolutions and certificates as is referred to in this Agreement or as the Purchaser may reasonably require to give effect to this Agreement.

13.3 Deliveries on Closing by the Purchaser

The Purchaser shall deliver (or cause to be delivered) to the Vendor's Solicitor, or as otherwise directed, on or before the Closing Date:

(a) the Closing Cash Payment in accordance with Section 3.3(b);

(b) payment of all Transfer Taxes payable on Closing to the Vendor (or evidence of self-assessment and payment by the Purchaser thereof to the relevant Governmental Authorities);

(c) payment of all Cure Costs payable on Closing to the Vendor (or evidence of payment by the Purchaser thereof to the relevant counterparty);

(d) the certificate of the Purchaser and the GST undertaking and indemnity referred to in Section 5.2;

(e) the Assignment and Assumption Agreement duly executed by the Purchaser;

(f) all documents listed in Section 13.2 which contemplate execution by the Purchaser;

(g) a copy of the Commitment to Title Insurance obtained by the Purchaser pursuant to Section 11.5; and

(h) any other documents, resolutions and certificates as is referred to in this Agreement or as the Vendor may reasonably require to give effect to this Agreement.

ARTICLE 14
TERMINATION

14.1 Grounds for Termination

This Agreement may be terminated at any time prior to Closing:

(a) by the mutual written agreement of the Vendor and the Purchaser, provided however that if this Agreement has been approved by the Court, any such termination shall require either the consent of the Vendor, or approval of the Court;

(b) by written notice from the Purchaser to the Vendor in accordance with Section 8.3(a);

(c) by the Purchaser, upon written notice to the Vendor, if there has been a material breach by the Vendor of any material representation, warranty or covenant contained in this Agreement, which breach has not been waived by the Purchaser, and: (i) such breach is not curable and has rendered the satisfaction of any condition in Section 12.2 impossible by the Outside Date; or (ii) if such breach is curable, the Purchaser has provided prior written notice of such breach to the Vendor, and such breach has not been cured within ten days (or, if not curable within ten days, such longer period as is reasonable under the circumstances, not to exceed thirty days) following the date upon which the Vendor received such notice;

(d) by the Purchaser, upon written notice to the Vendor, any time after the Outside Date, if the Closing has not occurred by the Outside Date and such failure to close was not caused by or as a result of the Purchaser's breach of this Agreement;

(e) by the Vendor, upon written notice to the Purchaser, if there has been a material breach by the Purchaser of any material representation, warranty or covenant contained in this Agreement, which breach has not been waived by the Vendor, and: (i) such breach is not curable and has rendered the satisfaction of any condition in Section 12.3 impossible by the Outside Date; or (ii) if such breach is curable, the Vendor has provided prior written notice of such breach to the Purchaser, and such breach has not been cured within ten days (or, if not curable within ten days, such longer period as is reasonable under the circumstances, not to exceed thirty days) following the date upon which the Purchaser received such notice; or

(f) by the Vendor, upon written notice to the Purchaser, any time after the Outside Date, if the Closing has not occurred by the Outside Date and such failure to close was not caused by or as a result of the Vendor's breach of this Agreement.

14.2 Effect of Termination

Notwithstanding any termination of this Agreement by the Vendor or the Purchaser as permitted under Section 14.1, the provisions of Sections 3.2 (Deposit), 15.1 (Public Announcements), 15.4 (Governing Law), 15.5 (Consequential Damages), 15.11 (Costs and Expenses) and 15.15 (Third Party Beneficiaries) shall remain in full force and effect following any such permitted termination, and the Deposit shall be governed by Section 3.2.

ARTICLE 15
GENERAL

15.1 Public Announcements

(a) Subject to Section 15.1(b), if a Party intends to issue a press release or other public disclosure of this Agreement, the terms hereof or the Transaction, the disclosing Party shall provide the other Parties with an advance copy of any such press release or public disclosure with sufficient time to enable the other Parties to review such press release or other public disclosure and provide any comments. The disclosing Party shall not issue such press release or other public disclosure without the prior written consent of the other Parties, such consent not to be unreasonably withheld.

(b) Notwithstanding Section 15.1(a): (i) this Agreement may be filed by the Vendor with the Court; and (ii) the Transaction may be disclosed by the Vendor to the Court. The Parties further agree that:

(i) the Vendor may prepare and file reports and other documents with the Court containing references to the Transaction and the terms of such Transaction; and

(ii) the Vendor and its professional advisors may prepare and file such reports and other documents with the Court containing references to the Transaction contemplated by this Agreement and the terms of such Transaction as may reasonably be necessary to obtain the Court Approvals and to complete the Transaction contemplated by this Agreement or to comply with their obligations to the Court.

15.2 Dissolution of Vendor

Subject to the Vendor's obligations in Section 2.3, the Purchaser acknowledges and agrees that nothing in this Agreement shall operate to prohibit or diminish in any way the right of the Vendor to dissolve, wind-up or otherwise cease operations of 1194038 Alberta Ltd.in any manner or at any time subsequent to the Closing Date as they may determine in their sole discretion, which may be exercised without regard to the impact any such action may have on the Vendor's ability to fulfil its obligations under this Agreement that survive Closing

15.3 Survival

Upon Closing, the obligations, covenants, representations and warranties of the Parties set out in this Agreement shall expire, be terminated and extinguished and of no further force or effect, provided that notwithstanding the Closing contemplated hereunder or the delivery of documents pursuant to this Agreement, the obligations and covenants of the Parties set out in Sections 2.3 (Assignment of Assumed Contracts and Third Party Consents), 6.3 (Enforcement of Representations and Warranties), 11.3 (Leases) and 11.4 (Possession), and Article 5 (Transfer Taxes), Article 7 ("As Is, Where Is" and No Additional Representations and Warranties), Article 9 (Indemnification), Article 10 (Environmental Matters) and Article 15 (General), shall survive Closing, shall remain in full force and effect, shall not merge as a result of Closing and shall be binding on the Parties indefinitely thereafter except as expressly stated to the contrary therein.

15.4 Governing Law

(a) This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta, and the federal laws of Canada applicable therein (excluding any conflict of law rule or principle of such laws that might refer such interpretation or enforcement to the laws of another jurisdiction). The Parties attorn to the jurisdiction of the Court for the resolution of any such dispute arising under this Agreement.

(b) Each Party agrees that service of process on such Party as provided in Section 15.13 shall be deemed effective service of process on such Party.

15.5 Consequential Damages

Under no circumstance shall any of the Parties, their Representatives or their respective directors, officers, employees or agents be liable for any punitive, exemplary, consequential or indirect damages (including for greater certainty, any loss of profits) (collectively, "**Consequential Damages**") that may be alleged to result, in connection with, arising out of, or relating to this Agreement or the Transaction, other than Consequential Damages for which the Vendor is liable as a result of a Third Party Claim (which liability of the Vendor shall be subject to and recoverable under Article 9 (Indemnification)).

15.6 Further Assurances

Each of the Parties hereto from and after the date hereof shall, from time to time, and at the request and expense of the Party requesting the same, do all such further acts and things and execute and deliver such further instruments, documents, matters, papers and assurances as may be reasonably requested to complete the Transaction and for more effectually carrying out the true intent and meaning of this Agreement.

15.7 Assignment

The Purchaser shall not, without the Vendor's prior written consent, assign any right or interest in this Agreement, which consent may be withheld in the Vendor's sole and absolute discretion, except that the Purchaser shall have the right to assign any or all of its rights, interests or obligations hereunder to one or more Affiliates of the Purchaser, provided that:

(a) such Affiliate agrees to be bound by the terms of this Agreement;

(b) the Purchaser shall remain liable hereunder for any breach of the terms of this Agreement by such Affiliate;

(c) such assignment shall not release the Purchaser from any obligation or liability hereunder in favour of the Vendor; and

(d) the Purchaser shall acknowledge and confirm its continuing obligations in favour of the Vendor in an assignment and assumption agreement in form and substance satisfactory to the Vendor.

15.8 Waiver

No failure on the part of any Party in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or remedy preclude any other or further exercise thereof or the exercise of any right or remedy in law or in equity or by statute or otherwise conferred. No waiver by any Party of any breach (whether actual or anticipated) of any of the terms, conditions, representations or warranties contained herein shall take effect or be binding upon that Party unless the waiver is expressed in writing under the authority of that Party. Any waiver so given shall extend only to the particular breach so waived and shall not limit or affect any rights with respect to any other or future breach.

15.9 Amendment

This Agreement shall not be varied in its terms or amended by oral agreement or by representations or otherwise other than by an instrument in writing dated subsequent to the date hereof, executed by a duly authorized representative of each Party.

15.10 Time of the Essence

Time is of the essence in this Agreement.

15.11 Costs and Expenses

Unless otherwise provided for in this Agreement, each Party shall be responsible for all costs and expenses (including the fees and disbursements of legal counsel, bankers, investment bankers, accountants, brokers and other advisors) incurred by it in connection with this Agreement and the Transaction. Notwithstanding any other provision of this Agreement, the Purchaser shall pay the cost of all surveys, title insurance policies and title reports ordered by the Purchaser.

15.12 Entire Agreement

This Agreement and the Confidentiality Agreement (the terms and conditions of which are incorporated by reference into this Agreement) constitute the entire agreement between the Parties with respect to the subject matter hereof and cancel and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, between the Parties with respect to the subject matter hereof. There are no conditions, covenants, agreements, representations, warranties or other provisions, whether oral or written, express or implied, collateral, statutory or otherwise, relating to the subject matter hereof other than those contained in this Agreement or in the Confidentiality Agreement.

15.13 Notices

Any notice, direction or other communication given regarding the matters contemplated by this Agreement must be in writing, sent by personal delivery, courier or electronic mail and addressed:

(a) in the case of the Vendor:

Ernst & Young Inc., in its capacity as receiver and manager of 1194038 Alberta Ltd. and not in its personal or corporate capacity
1400, 10423 101 Street NW
Edmonton, AB T5H 0E7

Attention: Matt McCulloch / Evan MacKinnon
Email: matt.mcculloch@parthenon.ey.com/evan.mackinnon@parthenon.ey.com

With a copy to the Vendor's Solicitors:

Witten LLP
2500, Canadian Western Bank Place, 10303 Jasper Avenue NW
Edmonton, Alberta T5J 3N6

Attention: Bren R. Cargill
Email: bcargill@wittenlaw.com

(b) In the case of the Purchaser:

Attention: Sam Mraiche / Mike Eldassouki
Email: smraiche@carvercorporation.com / meldassouki@carvercorporation.com

With a copy to the Purchaser's Solicitors:

Reynolds Mirth Richards & Farmer LLP
3200, 10180 101 Street NW
Edmonton, AB T5J 3W8

Attention: E. (Sonny) Mirth, KC
Email: emirth@rmrf.com

A notice is deemed to be given and received if: (i) sent by personal delivery or courier, on the date of delivery if it is a Business Day and the delivery was made prior to 4:00 p.m. (local time in place of receipt) and otherwise on the next Business Day; or (ii) email, on the date of transmission if it is a Business Day and the transmission was made prior to 4:00 p.m. (local time in place of receipt), and otherwise on the next Business Day. A Party may change its address for service from time to time by providing a notice in accordance with the foregoing. Any subsequent notice must be sent to the Party at its changed address. Any element of a Party's address that is not specifically changed in a notice will be assumed not to be changed. Sending a copy of a notice to a Party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the notice to that Party. The failure to send a copy of a notice to legal counsel does not invalidate delivery of that notice to a Party.

15.14 Enurement

This Agreement shall be binding upon, and enure to the benefit of, the Parties and their respective successors and permitted assigns.

15.15 Third Party Beneficiaries

Except as otherwise provided for in Article 9 (Indemnification), each Party intends that this Agreement shall not benefit or create any right or cause of action in or on behalf of any Person other than the Parties and their successors and permitted assigns, and, except for the Representatives indemnified by the Purchaser pursuant to Article 9 (Indemnification), no Person, other than the Parties and their successors and permitted assigns shall be entitled to rely on the provisions hereof in any action, suit, proceeding, hearing or other forum. Despite the foregoing, the Purchaser acknowledges to each of the Vendor's Representatives its direct rights against them under Article 9 (Indemnification) of this Agreement. To the extent required by Applicable Law to give full effect to these direct rights, the Purchaser agrees and acknowledges that the Vendor is acting as agent and/or as trustee of its Representatives.

15.16 Severability

If any provision of this Agreement or any document delivered in connection with this Agreement is partially or completely invalid or unenforceable, the invalidity or unenforceability of that provision shall not affect the validity or enforceability of any other provision of this Agreement, all of which shall be construed and enforced as if that invalid or unenforceable provision were omitted. The invalidity or unenforceability of any provision in one jurisdiction shall not affect such provision validity or enforceability in any other jurisdiction.

15.17 Counterparts

This Agreement may be executed in any number of counterparts (including by electronic means), each of which shall be deemed to be an original and all of which shall constitute one and the same agreement. Transmission by facsimile or other electronic means of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

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IN WITNESS WHEREOF this Agreement has been properly executed by the Parties as of the date first above written.

1194038 ALBERTA LTD., by and through its Court-appointed receiver and manager, Ernst & Young Inc., not acting in its personal or corporate capacity

Per: ______________________________

Matt McCulloch, CPA, CA, CIRP, LIT
Partner / Principal

2262576 ALBERTA LTD.

Per: ______________________________

Name: Hassin (Sam) Mraiche
Title: President and CEO

SCHEDULE 1.1(a)

Form of Approval and Vesting Order

COURT FILE NUMBER	2203 01855	Clerk's Stamp
COURT	COURT OF KING'S BENCH OF ALBERTA	
JUDICIAL CENTRE	EDMONTON	
PLAINTIFF	BANK OF MONTREAL	
DEFENDANTS	1194038 ALBERTA LTD. and ALAN DOBISH also known as ALLAN DOBISH	
DOCUMENT	**APPROVAL AND VESTING ORDER (Sale by Receiver)**	
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**Witten LLP** Barristers & Solicitors Suite 2500, Canadian Western Bank Place 10303 Jasper Avenue Edmonton, AB T5J 3N6 Solicitors for Ernst & Young Inc. in its capacity as Receiver of 1194038 Alberta Ltd. ATTN: Bren R. Cargill FILE: 133281-2/BRC PHONE: (780) 428-0501 FAX: (780) 429-2559	

DATE ORDER WAS PRONOUNCED:	June 12, 2023
LOCATION ORDER WAS PRONOUNCED:	Law Courts, 1A Sir Winston Churchill Square, Edmonton, AB
NAME OF JUSTICE WHO MADE THIS ORDER:	Justice J.S. Little

UPON THE APPLICATION by **Ernst & Young Inc.** in its capacity as the Court-appointed **receiver and manager** (the "Receiver") of the undertakings, property and assets of **1194038 Alberta Ltd.** (the "Debtor") for an order approving the sale transaction (the "Transaction") contemplated by a binding term sheet between the Receiver and **2262576 Alberta Ltd.** (the "Purchaser") dated **_______, 2023** (the "**Term Sheet**"), a copy of which is appended to the First Report of the Receiver dated **________, 2023** (the "Report"), and vesting in the Purchaser (or its nominee) the Debtor's right, title and interest in and to the assets described in the Term Sheet (the "Purchased Assets");

AND UPON HAVING READ the Receivership Order dated **March 14, 2023, and Order Declining Stay and Amendment to Receivership Order** (collectively the "Receivership Order"), the Report and the Affidavit of Service; **AND UPON HEARING** the submissions of counsel for the Receiver, the Plaintiff, the Defendants and the

Purchaser, no one appearing for any other person on the service list, although properly served as appears from the Affidavit of Service, filed;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. Service of notice of this application and supporting materials is hereby declared to be good and sufficient, no other person is required to have been served with notice of this application and time for service of this application is abridged to that actually given.

APPROVAL OF TRANSACTION

2. The Transaction is hereby approved and execution of the Term Sheet by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for completion of the Transaction and conveyance of the Purchased Assets to the Purchaser (or its nominee).

VESTING OF PROPERTY

3. Notwithstanding any other provisions in this Order: (a) this Order shall only be effective and come into force upon the filing of a Certificate by the Receiver (the "**Receiver's SSP Certificate**") substantially in the form attached as Schedule "B" to the Order (Approval of Sales Solicitation Process and Approval of Stalking Horse Term Sheet), granted concurrently to the within Order by this Honourable Court on June 12, 2023 (the "**SSP Order**"); and (b) this Order may be set aside by this Honourable Court on further application by the Receiver if the Receiver's SSP Certificate is not filed as a result of one or more Superior Offers being received within the Sales Solicitation Process.

4. Upon delivery of a Receiver's certificate to the Purchaser (or its nominee) substantially in the form set out in **Schedule "A"** hereto (the "Receiver's Closing Certificate"), all of the Debtor's right, title and interest in and to the Purchased Assets described in the Term Sheet and listed in **Schedule "B"** hereto shall vest absolutely in the name of the Purchaser (or its nominee), free and clear of and from any and all caveats, security interests, hypothecs, pledges, mortgages, liens, trusts or deemed trusts, reservations of ownership, royalties, options, rights of pre-emption, privileges, interests, assignments, actions, judgements, executions, levies, taxes, writs of enforcement, charges, or other claims, whether contractual, statutory, financial, monetary or otherwise, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, "Claims") including, without limiting the generality of the foregoing:

   (a) any encumbrances or charges created by the Receivership Order;

(b) any charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Alberta) or any other personal property registry system;

(c) any liens or claims of lien under the *Builders' Lien Act* (Alberta), *Prompt Payment and Construction Lien Act* (Alberta), *Garage Keepers' Lien Act* (Alberta) or *Warehousemen's Lien Act* (Alberta); and

(d) those Claims listed in Schedule "C" hereto (all of which are collectively referred to as the "Encumbrances", which term shall not include the permitted encumbrances, caveats, interests, easements, and restrictive covenants listed in Schedule "D" (collectively, "Permitted Encumbrances"))

and for greater certainty, this Court orders that all Claims including Encumbrances other than Permitted Encumbrances, affecting or relating to the Purchased Assets are hereby expunged, discharged and terminated as against the Purchased Assets

5. Upon delivery of the Receiver's Closing Certificate, and upon filing of a certified copy of this Order, together with any applicable registration fees, all governmental authorities including those referred to below in this paragraph (collectively, "**Governmental Authorities**") are hereby authorized, requested and directed to accept delivery of such Receiver's Closing Certificate and certified copy of this Order as though they were originals and to register such transfers, interest authorizations, discharges and discharge statements of conveyance as may be required to convey to the Purchaser or its nominee clear title to the Purchased Assets subject only to Permitted Encumbrances. Without limiting the foregoing:

(a) the Registrar of Land Titles ("Land Titles Registrar") for the lands defined below shall and is hereby authorized, requested and directed to forthwith:

(i) cancel existing Certificates of Title No. 052 462 605 for those lands and premises municipally described as 10103 175 Street NW, Edmonton, Alberta T5S 1L9, and legally described as:

PLAN 7722579
BLOCK 2
LOT 7
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 0.543 HECTARES (1.34 ACRES) MORE OR LESS
(the "Lands")

(ii) issue a new Certificate of Title for the Lands in the name of the Purchaser (or its nominee), namely, 2262576 Alberta Ltd.;

(iii) transfer to the New Certificate of Title the existing instruments listed in Schedule "D", to this Order, and to issue and register against the New Certificate of Title such new caveats, utility rights of ways, easements or other instruments as are listed in Schedule "D"; and

(iv) discharge and expunge the Encumbrances listed in Schedule "C" to this Order and discharge and expunge any Claims including Encumbrances (but excluding Permitted Encumbrances) which may be registered after the date of the Sale Agreement against the existing Certificate of Title to the Lands;

(b) the Registrar of the Alberta Personal Property Registry (the "PPR Registrar") shall and is hereby directed to forthwith cancel and discharge any registrations at the Alberta Personal Property Registry (whether made before or after the date of this Order) claiming security interests (other than Permitted Encumbrances) in the estate or interest of the Debtor in any of the Purchased Assets which are of a kind prescribed by applicable regulations as serial-number goods.

6. In order to effect the transfers and discharges described above, this Court directs each of the Governmental Authorities to take such steps as are necessary to give effect to the terms of this Order and the Sale Agreement. Presentment of this Order and the Receiver's Closing Certificate shall be the sole and sufficient authority for the Governmental Authorities to make and register transfers of title or interest and cancel and discharge registrations against any of the Purchased Assets of any Claims including Encumbrances but excluding Permitted Encumbrances.

7. No authorization, approval or other action by and no notice to or filing with any governmental authority or regulatory body exercising jurisdiction over the Purchased Assets is required for the due execution, delivery and performance by the Receiver of the Sale Agreement.

8. Upon delivery of the Receiver's Closing Certificate together with a certified copy of this Order, this Order shall be immediately registered by the Land Titles Registrar notwithstanding the requirements of section 191(1) of the *Land Titles Act*, RSA 2000, c.L-7 and notwithstanding that the appeal period in respect of this Order has not elapsed. The Land Titles Registrar is hereby directed to accept all Affidavits of Corporate Signing Authority submitted by the Receiver in its capacity as Receiver of the Debtor and not in its personal capacity.

9. For the purposes of determining the nature and priority of Claims, net proceeds from sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets from and after delivery of the Receiver's Closing Certificate and all Claims including Encumbrances (but excluding Permitted Encumbrances) shall not attach to, encumber or otherwise form a charge, security interest, lien, or other Claim against the Purchased Assets and may be asserted against the net proceeds from sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale. Unless otherwise ordered (whether before or after the date of this Order), the Receiver shall not make any distributions to creditors of net proceeds from sale of the Purchased Assets without further order of this Court, provided however the Receiver may apply any part of

such net proceeds to repay any amounts the Receiver has borrowed for which it has issued a Receiver's Certificate pursuant to the Receivership Order.

10. Except as expressly provided for in the Term Sheet or by section 5 of the Alberta *Employment Standards Code*, the Purchaser (or its nominee) shall not, by completion of the Transaction, have liability of any kind whatsoever in respect of any Claims against the Debtor.

11. Upon completion of the Transaction, the Debtor and all persons who claim by, through or under the Debtor in respect of the Purchased Assets, and all persons or entities having any Claims of any kind whatsoever in respect of the Purchased Assets, save and except for persons entitled to the benefit of the Permitted Encumbrances, shall stand absolutely and forever barred, estopped and foreclosed from and permanently enjoined from pursuing, asserting or claiming any and all right, title, estate, interest, royalty, rental, equity of redemption or other Claim whatsoever in respect of or to the Purchased Assets, and to the extent that any such persons or entities remain in the possession or control of any of the Purchased Assets, or any artifacts, certificates, instruments or other indicia of title representing or evidencing any right, title, estate, or interest in and to the Purchased Assets, they shall forthwith deliver possession thereof to the Purchaser (or its nominee).

12. The Purchaser (or its nominee) shall be entitled to enter into and upon, hold and enjoy the Purchased Assets for its own use and benefit without any interference of or by the Debtor, or any person claiming by, through or against the Debtor.

13. Immediately upon closing of the Transaction, holders of Permitted Encumbrances shall have no claim whatsoever against the Receiver.

14. The Receiver is directed to file with the Court a copy of the Receiver's Closing Certificate forthwith after delivery thereof to the Purchaser (or its nominee).

15. Pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act* (Canada) and section 20(e) of the Alberta *Personal Information Protection Act*, the Receiver is authorized and permitted to disclose and transfer to the Purchaser (or its nominee) all human resources and payroll information in the Debtor's records pertaining to the Debtor's past and current employees. The Purchaser (or its nominee) shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use (of such information) to which the Debtor was entitled.

MISCELLANEOUS MATTERS

16. Notwithstanding:

(a) the pendency of these proceedings and any declaration of insolvency made herein;

(b) the pendency of any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, as amended (the "BIA"), in respect of the Debtor, and any bankruptcy order issued pursuant to any such applications;

(c) any assignment in bankruptcy made in respect of the Debtor; and

(d) the provisions of any federal or provincial statute:

the vesting of the Purchased Assets in the Purchaser (or its nominee) pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a transfer at undervalue, settlement, fraudulent preference, assignment, fraudulent conveyance, or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

17. The Receiver, the Purchaser (or its nominee) and any other interested party, shall be at liberty to apply for further advice, assistance and direction as may be necessary in order to give full force and effect to the terms of this Order and to assist and aid the parties in closing the Transaction.

18. This Honourable Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any of its provinces or territories or in any foreign jurisdiction, to act in aid of and to be complimentary to this Court in carrying out the terms of this Order, to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such order and to provide such assistance to the Receiver, as an officer of the Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

19. Service of this Order shall be deemed good and sufficient by:

(a) Serving the same on:

(i) the persons listed on the service list created in these proceedings;

(ii) any other person served with notice of the application for this Order;

(iii) any other parties attending or represented at the application for this Order;

(iv) the Purchaser or the Purchaser's solicitors; and

(b) Posting a copy of this Order on the Receiver's website at: https://documentcentre.ey.com/#/detail-engmt?eid=518

and service on any other person is hereby dispensed with.

20. Service of this Order may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following transmission or delivery of this Order.

____
Justice of the Court of King’s Bench of Alberta

Schedule "A"

Form of Receiver's Certificate

COURT FILE NUMBER	2203 01855	Clerk's Stamp
COURT	COURT OF KING'S BENCH OF ALBERTA	
JUDICIAL CENTRE	EDMONTON	
PLAINTIFF	BANK OF MONTREAL	
DEFENDANTS	1194038 ALBERTA LTD. and ALAN DOBISH also known as ALLAN DOBISH	
DOCUMENT	**RECEIVER'S CERTIFICATE**	
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**Witten LLP** Barristers & Solicitors Suite 2500, Canadian Western Bank Place 10303 Jasper Avenue Edmonton, AB T5J 3N6 Solicitors for Ernst & Young Inc. in its capacity as Receiver of 1194038 Alberta Ltd. ATTN: Bren R. Cargill FILE: 133281-2/BRC PHONE: (780) 428-0501 FAX: (780) 429-2559	

RECITALS

A. Pursuant to an Order of the Honourable Justice **J. Fagnan** of the Court of King's Bench of Alberta, Judicial District of Edmonton (the "Court") dated **March 14, 2023**, **Ernst & Young Inc.** was appointed as the receiver (the "Receiver") of the undertakings, property and assets of **1194038 Alberta Ltd.** (the "Debtor").

B. Pursuant to an Order of the Court dated **June 12, 2023**, the Court approved a binding term sheet between the Receiver and **2262576 Alberta Ltd.** (the "Purchaser") and provided for the vesting in the Purchaser of the Debtor's right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in section * of the Term Sheet have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

C. Unless otherwise indicated herein, capitalized terms have the meanings set out in the Sale Agreement.

THE RECEIVER CERTIFIES the following:

1. The Purchaser (or its nominee) has paid and the Receiver has received the Purchase Price for the Purchased Assets payable pursuant to the Term Sheet;

2. The conditions to Closing as set out in the Term Sheet have been satisfied or waived by the Receiver and the Purchaser (or its nominee); and

3. The Transaction has been completed to the satisfaction of the Receiver.

4. This Certificate was delivered by the Receiver at **[Time]** on **___________, 2023**.

Ernst & Young Inc., in its capacity as Receiver of the undertakings, property and assets of 1194038 Alberta Ltd., **and not in its personal capacity.**

Per;___________________________

Name:

Title:

SCHEDULE "B"

Purchased Assets

All of 1194038 Alberta Ltd.'s right, title and interest in and to the lands legally described as:

PLAN 7722579
BLOCK 2
LOT 7
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 0.543 HECTARES (1.34 ACRES) MORE OR LESS

-and-

All of 1194038 Alberta Ltd.'s present and after acquired personal property.

-and-

All of 1194038 Alberta Ltd.'s right, title and interest in and to the lease agreement with Canadian Tire Real Estate Limited dated June 1, 2008, as amended and extended.

SCHEDULE "C"

Non-Permitted Encumbrances

All pledges, liens, charges, security interest, mortgages, or adverse claims or encumbrances of any kind or character including the following:

Registration Number	Date	Particulars
162 289 182	17/10/2016	Mortgage Mortgagee – Bank of Montreal
162 289 183	17/10/2016	Caveat Re: Assignment of Rents and Leases Caveator – Bank of Montreal
172 013 417	14/01/2017	Mortgage Mortgagee – Joginder Sunner Mortgagee – Guggendeep Jawanda
182 010 575	13/01/2018	Mortgage Mortgagee – Guggendeep Jawanda
DRR# E003UFY	Date Received 04/24/2023	Receivership Order Receiver – Ernst & Young Inc.

<u>SCHEDULE "D"</u>

Permitted Encumbrances

Registration Number	Date	Particulars
092 096 831	31/03/2009	Caveat, Re: Lease Interest Caveator – Canadian Tire Real Estate Limited

SCHEDULE 1.1(b)

Form of Assignment and Assumption Agreement

ASSIGNMENT AND ASSUMPTION OF LEASES

THIS AGREEMENT made as of and effective from the 5th day of June, 2023

BETWEEN:	Ernst & Young Inc. in its capacity as Receiver of 1194038 Alberta Ltd. the "Seller"	OF THE FIRST PART;
	- and –	
	2262576 Alberta Ltd.	OF THE SECOND PART;

WHEREAS:

A. The Seller has agreed to sell to the Buyer certain lands and premises in the City of Edmonton in the Province of Alberta, being composed of

PLAN 7722579
BLOCK 2
LOT 7
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 0.543 HECTARES (1.34 ACRES) MORE OR LESS, and municipally known as 10103 175 Street NW, Edmonton, Alberta T5S 1L9 (the "Property");

B. The Property is subject to one or more leases (the "Leases") including those set out in Schedule "A" hereto;

C. The Seller has agreed to assign to the Buyer all of its right, title, estate and interest in and to the Leases.

1. **CONSIDERATION**: The consideration for this Agreement is the mutual covenants and agreements between the parties to this Agreement and the sum of Two Dollars ($2.00) that has been paid by each of the parties hereto to the other, the receipt and sufficiency of which is acknowledged.

2. **ASSIGNMENT**: The Seller hereby grants, transfers, sets over and assigns unto the Buyer, and the Buyer's successors and assigns, absolutely all of the Seller's right, title, estate and interest in and to the Leases and all rents and other monies payable thereunder and all benefits and advantages to be derived therefrom.

3. **TO HAVE AND TO HOLD** the same unto the Buyer, and the Buyer's successors and assigns, forever.

4. **SELLERS COVENANTS**: The Seller covenants with the Buyer that:

(a) The Leases are good, valid and subsisting agreements to lease, in full force and effect and unmodified and constitute the entire agreement between the Seller and each respective tenant with respect to the Property.

(b) The Seller has good right, full power and absolute authority to assign the Leases to the Buyer in the manner aforesaid free and clear of all liens, mortgages, charges and encumbrances of any kind whatsoever.

(c) The Seller has received no rent or additional rent in advance from the tenants other than as otherwise adjusted between the Seller and the Buyer and will pay and deliver to the Buyer all rent, additional rent and other monies received from and after the date hereof by the Seller from the tenant(s), all such rent, additional rent and other monies so received to be deemed to be and shall be received in trust for the Buyer.

(d) There is no claim of set-off or abatement against rent, additional rent or other monies due or to become due under the Leases nor any counterclaim or defence against the enforcement of the obligations to be performed by the tenants under the Leases.

(e) The Seller is not in default in the performance or observance of the Seller's obligations, covenants or agreements under the Leases.

(f) The Seller has not received any notice from or on behalf of any tenant alleging default in the performance of any landlord's obligations under its Leases.

5. **BUYER'S COVENANTS**: The Buyer covenants with the Seller that:

(a) The Buyer will at all times during the balance of the term of the Agreement to Lease observe and perform all of the terms, covenants and conditions contained in the Agreement to Lease to be observed or performed by the landlord thereunder.

(b) The Buyer will indemnify and save harmless the Seller from all actions, suits, costs, losses, charges, demands and expenses for and in respect of any non-observance or non-performance by the Buyer of the terms, covenants and conditions contained in the Leases to be observed or performed by the landlord thereunder during the balance of the term of the Leases.

6. **BINDING EFFECT**: This Agreement shall enure to the benefit of and shall be binding upon the Seller and the Buyer and their respective successors and permitted assigns.

7. **COUNTERPARTS:** It is agreed that this Agreement may be executed in counterparts, each of which counterparts so executed shall constitute and be deemed to be an original, and all of which together shall constitute one and the same Agreement.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the day and year first above written under the hands of their proper signing officers duly authorized in that behalf.

Ernst & Young Inc. in its capacity as
Receiver of 1194038 Alberta Ltd.

Per: ______________________________

226576 Alberta Ltd.

Per: ______________________________

SCHEDULE "A"

LIST OF LEASES

1. 10103 – 175 Street NW, Edmonton, Alberta T5S 1L9

    a. Tenant: Canadian Tire Real Estate Limited

SCHEDULE 1.1(c)

Assumed Contracts

Executed Agreements

1. Lease dated June 1, 2008, between Canadian Tire Real Estate Ltd. and 1194038 Alberta Ltd.

SCHEDULE 1.1(d)

Lands

PLAN 7722579
BLOCK 2
LOT 7
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 0.543 HECTARES (1.34 ACRES) MORE OR LESS

(the "Lands")

-and-

All present and after acquired personal property of 1194038 Alberta Ltd.

-and-

All of 1194038 Alberta Ltd.'s right, title and interest in and to the lease agreement with Canadian Tire Real Estate Limited dated June 1, 2008, as amended and extended.

SCHEDULE 1.1(e)

Permitted Encumbrances

Registration Number	Date	Particulars
092 096 831	31/03/2009	Caveat, Re: Lease Interest Caveator – Canadian Tire Real Estate Limited

Permitted Encumbrances

1. The reservations, limitations, exceptions, provisos and conditions, if any, expressed in any original grants from the Crown, including, without limitation, the reservation of any mines and minerals in the Crown or in any other person and any implied conditions set out in s.61(1) of the *Land Titles Act* (Alberta) as amended, replaced or restated from time to time;

2. Encumbrances given as security to a public utility or any Governmental Authority when required in the ordinary course of business but only insofar as they relate to any obligations or amounts not due as at the Closing Date;

3. All rights reserved to or vested in any Governmental Authority pursuant to Applicable Law to control or regulate the Property in any manner, including any unregistered, undetermined or inchoate liens, levies or claims in favour of the Crown, any province or municipality or any Governmental Authority;

4. Rights of expropriation, access or use or any similar right conferred or reserved by or in any statute of Alberta or Canada;

5. Applicable municipal by-laws, development agreements, subdivision agreements, site plan agreements, servicing or industrial agreements, utility agreements, airport zoning regulations, cost sharing reciprocal agreements and building and other zoning restrictions and other similar agreements with Governmental Authorities or private or public utilities affecting the development or use of the Property;

6. Any easements, servitudes, rights-of-way, licenses, agreements, restrictions that run with the land and other Encumbrances (including easements, rights-of-way and agreements for railways, sewers, drains, gas and water mains or electric light and power or telephone, telecommunications or cable conduits, poles, wires and cables) which do not materially impair the use, operation or marketability of the Property (based on the current use of the Property) affected thereby;

7. Encumbrances respecting minor encroachments by the Property over neighbouring lands and/or permitted under agreements with the owners of such other lands and minor encroachments over the Property by improvements of abutting land owners, provided the same do not materially adversely affect the use or marketability of the Property;

8. Any privilege in favour of any lessor, licensor or permitter for rent to become due or for other obligations or acts, the performance of which is required under contracts of the Vendor or the Corporations so long as the payment or the performance of such other obligation or act is not delinquent and provided that such Encumbrances or privileges do not materially affect the use or the operation of the assets affected thereby;

9. Encumbrances which will be vested out or otherwise discharged at Closing pursuant to the Approval and Vesting Order;

10. Encumbrances permitted or created pursuant to the terms of this Agreement; and

11. Lease Interest dated 31/03/2009, 2017 between 1194038 Alberta Ltd. and Canadian Tire Real Estate Ltd.

SCHEDULE 2.1(a)

Stalking Horse Procedure

1194038 ALBERTA LTD. - SALES SOLICITATION PROCESS

INTRODUCTION

1. On March 14, 2023, Ernst & Young Inc. ("**EYI**" or the "**Receiver**") was appointed as Receiver and Manager of all the Debtor's assets, undertakings and properties of every nature and kind whatsoever and wherever situate, including the proceeds thereof, pursuant to the Receivership Order.

2. The Receivership Order was amended by way of further Order of this Court on March 20, 2023.

3. The Receiver is requesting the approval of the Alberta Court of King's Bench (the "**Court**") of the sale solicitation process (the "**SH Process**") set forth herein at a Court application scheduled on June 12, 2023.

4. This document outlines the procedure (the "**Procedure**") to be followed with respect to the SH Process in which a Successful Offer will be sought, and if identified, the transactions contemplated by such Successful Offer will be pursued to completion.

DEFINED TERMS

5. All capitalized terms used but not otherwise defined herein shall have the meanings given to them in the Initial Order. In addition, in this Procedure:

"**Break Fee**" means CAD$125,000.00;

"**Business Day**" means any day other than a Saturday, Sunday or a statutory holiday in the City of Edmonton in the Province of Alberta;

"**Property**" means Property as defined in the Stalking Horse PSA;

"**Purchaser**" means 2262576 Alberta Ltd.;

"**Stalking Horse PSA**" means the Purchase and Sale Agreement dated June 2, 2023 between the Receiver and the Purchaser; and

"**Superior Offer**" means a credible, reasonably certain and financially viable third party offer for the acquisition of the Property, the terms of which offer are no less favourable and no more burdensome or conditional than the terms contained in the Stalking Horse PSA, and which at a minimum includes a net purchase price of CAD$4,375,000.00 plus the Break Fee.

STALKING HORSE PSA

6. The Receiver has entered into the Stalking Horse PSA with the Purchaser, pursuant to which, if there is no successful offer to purchase ("**Successful Offer**") from a party other than the Purchaser, the Purchaser will acquire the Property.

7. The Procedure set forth herein describes, among other things, the Property available for sale, the manner in which prospective offerors may gain access to or continue to have

access to due diligence materials concerning the Property, the manner in which offerors and offers become qualified offerors ("**Qualified Offerors**") and qualified offers ("**Qualified Offers**"), respectively, the receipt and negotiation of offers received, the ultimate selection of the Successful Offer by the party ("**Successful Offeror**") and the Court's approval thereof. The Receiver shall administer the SH Process in accordance with this Procedure. In the event that there is disagreement as to the interpretation or application of this Procedure, the Court will have jurisdiction to hear and resolve such dispute.

8. The Receiver will each use their reasonable efforts to complete the SH Process, as described in this Procedure, in accordance with the timelines as set out herein. The Receiver shall be permitted to make such adjustments to the timeline that it determines are reasonably necessary.

PURCHASE OPPORTUNITY

9. In connection with the request for proposal ("**RFP**"), the Receiver identified prospective purchasers and commercial realtors, offering an opportunity to provide a listing proposal and/or offer to purchase. The deadline for the RFP was set for May 5, 2023.

10. The Receiver wishes to expand on the RFP, establishing a formal sales process intended to market the property interested parties.

11. The Receiver will prepare: (a) a process summary (the "**Teaser Letter**") similar to that which was drafted prior to the RFP; and (b) a non-disclosure agreement in form and substance satisfactory to the Receiver, and their respective counsel (an "**NDA**"); (collectively, the "**SISP Materials**").

12. Those that sign the NDA will be provided access to a recent appraisal of the property of 1194038 Alberta Ltd. ("**119**") located at 10103 175 Street NW, Edmonton, AB (the "**Building**"). Site visits will be permitted for those that sign the NDA and requesting a walk through at least three (3) business days ahead of time in order for the Receiver to co-ordinate access with the tenant.

13. The Receiver will prepare a list of potential proponents, including: (a) parties that have approached the Receiver indicating an interest in the Property; and (b) local and national financial parties who the Receiver believes may be interested in purchasing all or part of the Property (collectively, "**Known Potential Offerors**").

"AS IS, WHERE IS"

14. The sale of the Property will be on an "as is, where is" basis and without surviving representations, warranties, covenants or indemnities of any kind, nature, or description by the Receiver or any of their respective agents, except to the extent set forth in the relevant final sale agreement with a Successful Offeror. The representations, warranties, covenants or indemnities shall not be materially more favourable to the Successful Offeror than those set out in the Stalking Horse PSA except to the extent additional tangible monetary value of an equivalent amount is provided by a Successful Offeror other than the Purchaser for such representations, warranties, covenants or indemnities.

FREE OF ANY AND ALL CLAIMS AND INTERESTS

15. In the event of a sale, all of the right, title and interest of the Debtor in and to the Property to be acquired and will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options and interests thereon and there against (collectively the "**Claims and Interests**"), such Claims and Interests to attach to the net proceeds of the sale of such Property (without prejudice to any claims or causes of action regarding the priority, validity or enforceability thereof), pursuant to an approval and vesting order made by the Court, upon the application of the Receiver, except to the extent otherwise set forth in the relevant sale agreement with a Successful Offeror, or as otherwise ordered by the Court. The vesting out of Claims and Interests by a Successful Offeror other than the Purchaser shall not be materially more favourable to the Successful Offeror than those set out in the Stalking Horse PSA except to the extent additional tangible monetary value of an equivalent amount is provided for the vesting out of such Claims and Interests.

PUBLICATION OF NOTICE AND TEASER

16. As soon as reasonably practicable after the approval of this SH Process by the Court, the Receiver shall cause a notice of the SH Process contemplated by this Procedure, and such other relevant information which the Receiver considers appropriate (the "**Notice**") to be published in the Edmonton Journal and any other newspaper or journals as the Receiver consider appropriate, if any.

17. Requests for information and access will be directed to Evan MacKinnon of EYI or such other EYI representatives as designated by the Receiver, at the contact information listed in **Schedule "A"** hereto.

DUE DILIGENCE

18. The Receiver shall in their reasonable business judgment and subject to competitive and other business considerations, afford each Qualified Offeror (including, in certain circumstances, representatives of such Qualified Offeror) such access to due diligence materials and information relating to the Property as they deem appropriate. Due diligence access may further include management presentations, on-site inspections, and other matters which a Qualified Offeror may reasonably request and to which the Receiver, in its reasonable business judgment, may agree. The Receiver will designate a representative to coordinate all reasonable requests for additional information and due diligence access from Qualified Offerors and the manner in which such requests must be communicated. The Receiver will not be obligated to furnish any information relating to the Property to any person other than to Qualified Offerors. Further and for the avoidance of doubt, selected due diligence materials may be withheld from certain Qualified Offerors if the Receiver determines such information to represent proprietary or sensitive competitive information.

SEEKING QUALIFIED OFFERS FROM QUALIFIED OFFERORS

19. A Qualified Offerors that desires to make an offer for the Property must deliver written copies of a final, binding proposal (the "**Final Offer**") in the form of a fully executed purchase and sale agreement to the Receiver (including by email or fax transmission) so

as to be received by it not later than 12:00 p.m. Mountain time on July 10, 2023 (the "**Final Offer Deadline**").

20. Potential Offerors must rely solely on their own independent review, investigation and/or inspection of all information and of the Property in connection with their participation in the SH Process and any transaction they enter into with the Receiver. Neither the Receiver, nor any of their representatives makes any representation or warranty as to the information provided through this due diligence process or otherwise, except to the extent set forth in any definitive agreement that may be entered into by the Receiver.

QUALIFIED OFFERS

21. A Final Offer will be considered a qualified offer only if it is submitted by a Qualified Offeror and the Final Offer complies with, among other things, the following (a "**Qualified Offer**"):

(a) it contains:

(i) a duly executed purchase and sale agreement; and

(ii) a blackline of the executed purchase and sale agreement to the Stalking Horse PSA;

(b) it includes a letter stating that the Final Offer is irrevocable until there is a Selected Superior Offer (as defined below) approved by the Court, *provided, however,* that if such Qualified Offeror is selected as the Successful Offeror, its Final Offer shall remain an irrevocable offer until the earlier of: (i) the completion of the sale to the Successful Offeror; and (ii) the outside date stipulated in the Successful Offer;

(c) it provides written evidence of a firm, irrevocable financial commitment for all required funding or financing;

(d) it does not include any request for or entitlement to any break fee, expense reimbursement or similar type of payment;

(e) it is accompanied by a refundable deposit (the "**Deposit**") in the form of a wire transfer (to a bank account specified by the Receiver), or such other form of payment acceptable to the Receiver, payable to the order of the Receiver, in trust, in an amount equal to 15% of the total consideration in the Qualified Offer to be held and dealt with in accordance with this Procedure;

(f) the aggregate consideration to be paid by the Qualified Offeror under the Qualified Offer exceeds the aggregate of the Purchase Price and the Break Fee pursuant to the Stalking Horse PSA;

(g) it is not conditional upon:

(i) the outcome of unperformed due diligence by the Qualified Offeror; and/or

(ii) obtaining financing;

(h) it contains evidence of authorization and approval from the Qualified Offeror's board of directors (or comparable governing body); and

(i) it is received by the Final Offer Deadline.

NO QUALIFIED OFFERS

22. If none of the Qualified Offers received by the Receiver constitute a Superior Offer, the Receiver shall promptly file the Receiver's SISP Certificate in the form attached as Schedule "B" to the Order (Approval of Sales Solicitation Process and Approval of Stalking Horse Term Sheet) followed by the filing of the Receiver's Certificate attached to the Approval and Vesting Order granted on June 12, 2023 ("**SAVO**") as Schedule "A".

23. Should the Court not grant the SAVO as part of the Receiver's requested relief on June 12, 2023, as part of the Receiver's application then the Receiver shall promptly apply to the Court for an order approving the transaction contemplated by the Stalking Horse PSA and vesting title to the Property in the name of the Purchaser, pursuant to the Stalking Horse PSA, if none of the Qualified Offers received by the Receiver constitute a Superior Offer at the conclusion of the SH Process

IF A SUPERIOR OFFER IS RECEIVED

24. Following the Final Offer Deadline, the Receiver will assess the Qualified Offers. If it is determined by the Receiver that a Qualified Offeror that has submitted a Qualified Offer which constitutes a Superior Offer, and that such Qualified Offeror: (a) has a bona fide interest in completing an acquisition of the Property; and (b) has the financial ability (based on availability of financing, experience and other considerations) to consummate such a transaction based on the financial information provided, then such Qualified Offer will be accepted by the Receiver and deemed the successful offer (the "**Successful Offer**").

25. If the Successful Offer is a party other than the Purchaser, the Receiver shall pay the Purchaser the Break Fee from the proceeds of the Successful Offer, immediately following the completion of the transaction contemplated by the Successful Offer (all as further set out in the Stalking Horse PSA).

26. Should there be multiple offers with similar offer price and conditions, the Receiver reserves the right to approach all parties with similar offers and engage in an auction process, allowing these offerors to make further bids/offers as set out in the terms below (the "**Auction**")

AUCTION

27. If the Auction is to be held, the Receiver will conduct an Auction at 10:00 a.m. (Mountain time) on July 14, 2023 at the offices of the Receiver (1400, 10423 101 Street NW, Edmonton, Alberta), or such other location as shall be timely communicated to all entities entitled to attend at the Auction, which Auction may be adjourned by the Receiver. The Auction shall run in accordance with the following procedures:

(a) prior to 12:00 p.m. Mountain standard time on July 12, 2023, each Qualified Offeror that has made a Superior Offer and the Purchaser, must inform the Receiver whether it intends to participate in the Auction (the parties who so inform the

Receiver that they intend to participate are hereinafter referred to as the "**Auction Bidders**");

(b) only representatives of the Auction Bidders, the Receiver, and such other persons as permitted by the Receiver (and the advisors to each of the foregoing entities) are entitled to attend the Auction. Such attendance shall be in person (notwithstanding, the Receiver may allow such persons to attend by way of teleconference at the sole and absolute discretion of the Receiver);

(c) at the commencement of the Auction, each Auction Bidder shall be required to confirm that it has not engaged in any collusion with any other Auction Bidder with respect to the bidding or any sale or investment, such confirmation, in each case, in form and substance satisfactory to the Receiver;

(d) only the Auction Bidders will be entitled to make any subsequent bids at the Auction; provided, however, that in the event that any Qualified Offeror elects not to attend and/or participate in the Auction, such Qualified Offeror's Qualified Offer, shall nevertheless remain fully enforceable against such Qualified Offeror if it is selected as the winning offer from the Auction (the "**Winning Offer**");

(e) all subsequent bids presented during the Auction shall be made and received in one room on an open basis. All Auction Bidders will be entitled to be present for all subsequent bids at the Auction with the understanding that the true identify of each Auction Bidder at the Auction will be fully disclosed to all other Auction Bidders at the Auction and that all material terms of each subsequent bid will be fully disclosed to all other Auction Bidders throughout the entire Auction;

(f) all Auction Bidders must have at least one individual representative with authority to bind such Auction Bidder present in person at the Auction;

(g) the Receiver may employ and announce at the Auction additional procedural rules that are reasonable under the circumstances (e.g., the amount of time allotted to make Subsequent Bids, requirements to bid in each round, and the ability of multiple Auction Bidders to combine to present a single bid) for conducting the Auction, provided that such rules are not inconsistent with SH Process or this Procedure, and disclosed to each Auction Bidder at the Auction;

(h) bidding at the Auction will begin with the starting bid and continue, in one or more rounds of bidding, so long as during each round at least one subsequent bid is submitted by an Auction Bidder that the Receiver determines is (i) for the first round, a higher or otherwise better offer than the starting bid, and (ii) for subsequent rounds, a higher or otherwise better offer than the leading bid; in each case by at least the Minimum Incremental Overbid (as defined below). Each bid at the Auction shall provide cash value of at least CAD$25,000 (the "**Minimum Incremental Overbid**") over the starting Bid or the leading Bid, as the case may be. After the first round of bidding and between each subsequent round of bidding, the Receiver shall announce the bid (including the value and material terms thereof) that it believes to be the highest or otherwise best offer. A round of bidding will conclude after each Auction Bidder has had the opportunity to submit a Subsequent Bid with full knowledge of the leading bid;

(i) to the extent not previously provided (which shall be determined by the Receiver), an Auction Bidder submitting a subsequent bid must submit, at the Receiver's discretion, as part of its subsequent bid, written evidence (in the form of financial disclosure or credit-quality support information or enhancement reasonably acceptable to the Receiver), demonstrating such Auction Bidder's ability to close the transaction proposed by the subsequent bid;

(j) the Receiver reserves the right, in its reasonable business judgment, to make one or more adjournments in the Auction of not more than 24 hours each, to among other things: (i) facilitate discussions between the Receiver and the Auction Bidders; (ii) allow the individual Auction Bidders to consider how they wish to proceed; (iii) consider and determine the current highest and best offer at any given time in the Auction; and (iv) give Auction Bidders the opportunity to provide the Receiver with such additional evidence as the Receiver, in its reasonable business judgment, may require that that Auction Bidder (including, as may be applicable, the Purchaser) has sufficient internal resources, or has received sufficient non-contingent debt and/or equity funding commitments, to consummate the proposed transaction at the prevailing overbid amount;

(k) the Purchaser shall be permitted, in its sole discretion, to submit subsequent bids, provided, however, that such subsequent bids must made in accordance with this Procedure and in the same manner as Subsequent Bids are made by Auction Bidders;

(l) if, in any round of bidding, no new subsequent bid is made, the Auction shall be closed;

(m) the Auction shall be closed within two (2) Business Days of the start of the Auction unless extended by the Receiver; and

(n) no bids (from Qualified Offerors or otherwise) shall be considered if made after the conclusion of the Auction.

28. At the end of the Auction, the Receiver shall select the winning bid (the "**Winning Bid**"). Once a definitive agreement has been negotiated and settled in respect of the Winning Bid as selected by the Receiver (the "**Selected Superior Offer**") in accordance with the provisions hereof, the Selected Superior Offer shall be the "**Successful Bid**" hereunder and the person(s) who made the Selected Superior Offer shall be the "**Successful Offeror**" hereunder. If the Successful Bidder is a party other than the Purchaser, the Receiver shall pay the Purchaser the Break Fee from the proceeds of the Successful Bid, immediately following the completion of the transaction contemplated by the Successful Bid (all as further set out in the Stalking Horse PSA).

29. Further, as referenced in paragraph 11.1 (e) of the Stalking Horse PSA, if the Successful Bidder is a party other than the Purchaser, an additional amount, equal to 10% of the additional funds received from selecting the Selected Superior Offeror over the highest offer from the offers received prior to the Auction, shall be added to the Break Fee.

SALE APPROVAL APPLICATION

30. At the hearing of the motion to approve any transaction (the "**Sale Approval Application**") the Receiver shall seek, among other things, approval from the Court to consummate any Successful Offer (the "**SAVO**"). All the Qualified Offers and Subsequent Offer, other than the Successful Offer, if any, shall be deemed rejected by the Receiver on and as of the date of approval of the Successful Offer by the Court, but not before, and shall remain open for acceptance until that time.

31. The Sale Approval Application will be held on a date to be scheduled by the Court upon application by the Receiver. The Sale Approval Application may be adjourned or rescheduled by the Receiver.

DEPOSITS

32. All Deposits shall be retained by the Receiver. If there is a Successful Offer, the Deposit paid by the Successful Offeror whose offer is approved pursuant to the SAVO shall be applied to the purchase price to be paid by the Successful Offeror upon closing of the approved transaction and will be non-refundable. The Deposits of Qualified Offerors not selected as the Successful Offeror shall be returned to such offerors within five (5) Business Days of the date upon which the SAVO is issued by the Court. If there is no Successful Offer, all Deposits shall be returned to the offerors within five (5) Business Days of the date upon which the SH Process is terminated in accordance with these procedures.

APPROVALS

33. For greater certainty, the approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required by applicable law in order to implement a Successful Offer.

SUPERVISION OF THE SH PROCESS

34. The Receiver will participate in the SH Process in the manner set out in this Procedure and the Sales Process Order and is entitled to receive all information in relation to the SH Process.

35. This SH Process does not and will not be interpreted to create any contractual or other legal relationship between the Receiver and any Qualified Offeror 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.

36. Without limiting the preceding paragraph, the Receiver shall not have any liability whatsoever to any person or party, including without limitation, the Purchaser, any Potential Offeror, Qualified Offeror, the Successful Offeror, or any other creditor or other stakeholder, for any act or omission related to the process contemplated by this Procedure, except to the extent such act or omission constitutes gross negligence or willful misconduct of the Receiver, as determined by the Court. By submitting an offer, each Qualified Offeror or Successful Offeror 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.

37. Participants in the SH Process are responsible for all costs, expenses and liabilities incurred by them in connection with the submission of any offer, due diligence activities, and any further negotiations or other actions whether or not they lead to the consummation of a transaction.

38. The Receiver shall have the right to modify the SH Process and the deadlines set out herein if, in their reasonable business judgment, such modification will enhance the process or better achieve the objectives of the SH Process.

SCHEDULE "A"

NOTICE

Ernst & Young Inc.
1400, 10423 101 Street NW
Edmonton, Alberta
T5H 0E7

Attention: Evan MacKinnon, Director
evan.mackinnon@parthenon.ey.com

SCHEDULE 2.1(b)

Stalking Horse Term Sheet

EY Parthenon
Building a better working world

Ernst & Young Inc.
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10423 – 101 Street
Edmonton, AB T5H 0E7

Tel: +1 780 423 5811
Fax: +1 780 428 8977
ey.com/parthenon

2262576 Alberta Ltd.
Suite 300, 14815 – 119 Avenue NW
Edmonton, AB T5L 2N9

June 5, 2023

Binding Term Sheet

(All amounts expressed herein are in Canadian Dollars)

This binding term sheet (the **"Term Sheet")** sets forth the agreement of the parties hereto (the **"Parties")** with respect to the proposed transaction which is described herein (the **"Proposed Transaction").** The Parties acknowledge that this Term Sheet is being provided as part of a SH Process to be administered by the Receiver.

Upon execution of this Term Sheet by the Parties, this Term Sheet shall create a binding legal obligation on the part of the Parties, subject only to the terms and conditions hereof, and approval of the Court of King's Bench of Alberta. The terms and conditions set forth in this Term Sheet, are intended to be comprehensive and are not subject to any further due diligence by any Party or to any further definitive documentation, except as expressly permitted or contemplated hereunder.

1. Purchaser

2262576 Alberta Ltd. (the "**Purchaser**" or the "**SH Bid**")

2. Seller

1194038 Alberta Ltd., (the **"Debtor"**) by and through its court appointed Receiver Ernst & Young Inc. (the **"Receiver"),** acting solely in its capacity as the Receiver of the Debtor's assets, undertakings, and properties of the Debtor, and not in its corporate or personal capacity.

3. Closing Date

Closing of the Proposed Transaction (**"Closing"**) shall occur on or about ten (10) business days following the waiver or satisfaction of the closing conditions, or such earlier or later date as agreed by the Parties (the **"Closing Date").**

4. Court Approval of Term Sheet & SH Process

On June 12, 2023, the Receiver shall apply to the Court of King's Bench of Alberta (the "**Court**") for, among other things, an order (the "**Sales Process Order**"), in substantially the form attached as **Schedule 'A'** hereto, approving the stalking horse sales solicitation process (the "**SH Process**") in substantially the form attached as **Schedule 'A'** to the Sales Process Order. Simultaneously, the Receiver shall also apply to the Court for a Sale Approval and Vesting Order, substantially in the form attached as **Schedule 'B'**, approving the purchase and sale of the Purchased Assets (the "**SAVO**"). However, the effectiveness of the SAVO is subject to the outcome of the SH Process pursuant to paragraph 3 of the SAVO.

5. Purchased Assets

Pursuant to the SAVO, the Purchaser shall purchase the following assets of the Debtor (collectively, the "**Purchased Assets**"):

(a) The lands legally described as:

PLAN 7722579
BLOCK 2
LOT 7
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 0.543 HECTARES (1.34 ACRES) MORE OR LESS

(b) All of the Debtor's present and after acquired personal property and any proceeds therefrom. The personal property is limited to any such property that is related to the Purchased Assets.

(c) All of the Debtor's right, title and interest in and to the lease agreement with Canadian Tire Real Estate Limited dated June 1, 2008, as amended and extended.

6. Consideration

The total purchase price for the Purchased Assets shall be $4,375,000 (the "**Purchase Price**"), plus GST as applicable.

7. Representations & Warranties

The sale of the Purchased Assets to the Purchaser shall be on an "as is, where is basis".

8. Stalking Horse Process

The Purchaser hereby agrees to allow for disclosure of this Term Sheet to the Court and all other relevant parties as part of the SH Process to be commenced by the Receiver as soon as practicable following execution of this Term Sheet and the granting of the Sales Process Order. Additionally, upon issuance of the SAVO, and subject to receiving approval of the Court to proceed with the SH Process, the Receiver shall continue carrying out the SH Process in accordance with the provisions set forth in the Sales Process Order.

9. Deposit

The Purchaser has made a cash deposit of $656,250.00, approximately 15% of the Purchase Price (the "**Deposit**"), with respect to the Proposed Transaction.

The Deposit shall be forfeited, paid, and released to the Receiver if the Purchaser fails to close the Proposed Transaction and the Receiver is willing, ready and able to close the Proposed Transaction.

Should the Purchaser not be the Successful Bidder, the Deposit shall be returned forthwith.

10. Break Fee

The sum of $125,000.00 (the "**Break Fee**") is payable to the Purchaser in its capacity as the Stalking Horse Bidder in accordance with the terms of the SH Process if the SH Bid is not the Successful Bidder.

Should Superior Offers (as defined in the Purchase and Sale Agreement) of similar value and conditions be submitted upon closing of the SH Process, the Receiver may elect to have an auction at is sole discretion. Should the Receiver proceed with an Auction process, (as defined in the Stalking Horse Sales Procedures document), the Break Fee will increase by 10% of any increased amount to the Superior Offer as a result of the Auction (the "**Increased Break Fee**")

Example of the Increased Break Fee: Should two offers of $5,000,000 be submitted, the Receiver can execute an Auction. If the outcome yields a Superior Offer of $6,000,000, the Receiver will pay an additional $100,000 as the Increased Break Fee (10% of the additional $1,000,000 gained from the Auction) in addition to the $125,000 Break Fee.

A minimum $20,000 will be added to the Break Fee should the Receiver execute an Auction.

11. Closing Steps and Payment of Purchase Price

The Purchase Price, less the Deposit amount, shall be payable in full on Closing and the closing steps and flow of funds shall be as follows, in sequence and timing that are satisfactory to the Purchaser and the Receiver, acting reasonably, with the completion of each step being conditional upon the completion of all steps. The funds will be wired to the Receiver, with the Receiver providing the Purchaser with the wiring instructions.

12. Conditions to Closing

The Parties' obligation to close the Proposed Transaction will be subject to the following conditions precedent (collectively, the "**Closing Conditions**"):

a) the granting of the Sale Process Order and the filing of the Sale Process Certificate (as defined in the Sale Process Order), all in a form satisfactory to the Parties, acting reasonably;
b) the granting of the SAVO, in a form satisfactory to the Parties, acting reasonably; and
c) this Term Sheet being the successful bid under the SH Process, or there is no Superior Offer under the SH Process.
d) the SAVO becoming a final order, nor subject to any stay or filed appeal, no later the Closing Date referenced in Section 3.

13. Termination Rights

The Receiver shall be entitled to terminate this Term Sheet if:

a) the Court does not grant or enter the Sales Process Order;
b) any court or other governmental body shall have issued, enacted, entered, withdrawn, overturned promulgated or enforced any law, regulation, opinion, guidance, or order restraining, enjoining or otherwise prohibiting the transactions contemplated by this Term Sheet; or
c) the Purchase Price is not paid in accordance with the terms of this Term Sheet.

The Purchaser shall be entitled to terminate this Term Sheet if:

a) the Purchaser is not the Successful Bidder under the SH Process;
b) the Court does not grant or enter the Sales Process Order;
c) any court or other governmental body shall have issued, enacted, entered, withdrawn, overturned promulgated or enforced any law, regulation, opinion, guidance, or order restraining, enjoining or otherwise prohibiting the transactions contemplated by this Term Sheet; or
d) the Proposed Transaction does not close on or prior to the date set out in Section 12, Conditions to Closing

14. Expenses

Each Party shall pay its own expenses in connection with the Proposed Transaction, whether or not the Proposed Transaction is completed, unless otherwise mutually agreed by the Parties.

15. Governing Law

This Term Sheet will be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

16. Assignment

This Term Sheet may not be assigned without the prior written consent of the other Parties hereto.

17. Further Assurances

Each of the Parties hereto shall at the request and expense of the other Party hereto so requesting execute and deliver such further or additional documents and instruments as may reasonably be considered necessary or desirable to properly reflect and carry out the true intent and meaning of this Term Sheet.

The Parties shall each use commercially reasonable efforts to satisfy the Closing Conditions and implement the Proposed Transaction as soon as practicable, but in no event later than the Outside Date. The Parties shall cooperate with each other in a timely and commercially reasonable manner to satisfy the Closing Conditions and implement the Proposed Transaction soon as practicable.

The Parties shall duly prepare and execute such further and other documents, and take such further and other actions, as may be reasonably necessary in order to implement and give effect to the Proposed Transaction and the transactions and benefits contemplated thereby (collectively, the "**Closing Actions**")

18. Binding Term Sheet

All of the Parties hereby agree and acknowledge that this Term Sheet represents the final and binding agreement of the Parties with respect to the subject matter provided for herein.

19. Interpretation

Capitalized terms not otherwise defined herein have the meaning set forth in the Receivership Order, the Sale Process Order, the SH Process or such other documents filed with the Court in support thereof.

[Signature page to follow]

Building a better working world

Dated effective as of the 5th day of June, 2023

Agreed and accepted as of the 5th day of June, 2023, by:

ERNST & YOUNG INC., in its capacity as Receiver of the Debtor, and not in its personal or corporate capacity

Per: ______________________________

Name: Matt McCulloch
Title: Senior Vice President

Agreed and accepted as of the 5th day of June, 2023, by:

2262576 ALBERTA LTD.

Per: ______________________________(c/s)

Name: Hassin (Sam) Mraiche
Title: President and CEO