

COURT FILE NUMBER 1303 15731 ✓

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE EDMONTON

PLAINTIFF RIDGE DEVELOPMENT CORPORATION

DEFENDANT 1324206 ALBERTA LTD.

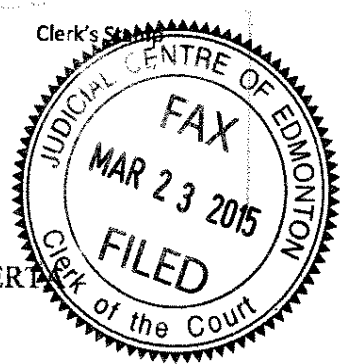
DOCUMENT **SECOND REPORT OF ALVAREZ & MARSAL
CANADA INC., IN ITS CAPACITY AS COURT
APPOINTED RECEIVER OF 1324206 ALBERTA
LTD.**

MARCH 20, 2015

ADDRESS FOR SERVICE
AND CONTACT
INFORMATION OF PARTY
FILING THIS DOCUMENT

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ALVAREZ & MARSAL

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INTRODUCTION AND BACKGROUND

1. Alvarez & Marsal Canada Inc. was appointed Receiver (the “**Receiver**”) of all of the assets, undertakings and properties of 1324206 Alberta Ltd. (“**132**”) pursuant to an order of Honourable Justice D.R.G. Thomas (the “**Receivership Order**”) granted on November 13, 2013 (the “**Receivership Date**”). Pursuant to the Receivership Order, the Receiver was appointed, as Receiver and Manager, without security, of all the current and future assets, undertakings and properties (the “**Property**”) of 132.
2. 132 was established in May 2007 to primarily finance, develop, construct, operate and sell units in the Whitemud Heights Project (the “**Project**”), a one hundred and twenty-three (123) unit residential housing project on a portion of lands comprising the Stony Plain Indian Reserve No. 135 (being the lands occupied by the Enoch Cree Nation 440) (the “**Lands**”).
3. At the Receivership Date, 132 had no employees. The Project was managed by Ridge Developments Ltd. (“**Ridge**”) and critical expenses for operations were funded by Royal Bank of Canada (“**RBC**”).
4. Effective February 21, 2008, 132 entered into a lease of the Lands for 49 years (the “**Head Lease**”) with Her Majesty the Queen in Right of Canada as represented by the Minister of Indian and Northern Affairs (the “**Crown**”). The Head Lease is attached to the November 4, 2013 Affidavit of John Barath filed in these proceedings. The Lands were controlled by Mr. Dean Alexander (the “**CP Holder**”) by way of a Certificate of Possession issued by the Enoch Cree Nation. An agreement had previously been entered into with the CP Holder to lease the lands to Prairie Western Development Corporation, the initial project manager and one of the shareholders of 132 (“**Prairie**”).
5. 132 was subsequently incorporated to enter into the Head Lease. The shareholders of 132 were and continue to be Prairie, Ridge (the Applicant in the Receivership Proceedings) and White Castle Realty Investments Ltd. (“**White Castle**”). Prairie was originally the Project manager, but was replaced some years prior to the Receivership by Ridge.

6. The Project was substantially completed in late 2009, however, it could not be occupied as sewer and water services were not available (the “**Services**”).
7. Further background to this matter is contained in the Receiver’s first report (“**First Report**”) and affidavits filed by the Plaintiff, which, along with a copy of the Receivership Order, are posted on the Receiver’s website at www.alvarezandmarsal.com/whitemud (the “**Receiver’s Website**”).
8. Capitalized terms not defined in this second report of the Receiver (the “**Receiver’s Report**”) are as defined in the First Report, Sale Approval and Vesting Order and Receivership Order.
9. All references to dollars are in Canadian currency unless otherwise noted.

TERMS OF REFERENCE

10. In preparing the Receiver’s Report, the Receiver has relied upon unaudited financial information, company records and discussions with Ridge. The Receiver has not performed an audit, review or other verification of such information. An examination of the financial forecast as outlined in the Canadian Institute of Chartered Accountants Handbook has not been performed. Future oriented financial information relied upon in this Report is based on assumptions regarding future events and actual results achieved will vary from this information and the variations may be material.

PURPOSE OF REPORT

11. The Receiver’s Report is intended to provide this Honourable Court with information with respect to the following matters:
 - i. the activities of the Receiver since the First Report and the Receiver’s future course of action; and
 - ii. the Receiver’s request for advice and direction with respect to the distribution of proceeds from the sale of the Project.

RECEIVER’S ACTIVITIES

12. The Receiver’s activities since the First Report include the following:

- a) closing the sale of the Project approved by the Court on November 28, 2014 (the “**Sale Approval and Vesting Order**”), attached hereto as Appendix “A”;
- b) reviewing available information on creditor claims and considering the potential priority of such claims;
- c) instructions to and liaising with counsel on the priority of creditor claims and distribution of available funds to the creditors;
- d) repayment of borrowings under the three Receiver’s certificates funded by RBC;
- e) responding to various creditor enquiries; and
- f) attending to various statutory notices and other duties of the Receiver pursuant to the Receivership Order and the *Bankruptcy and Insolvency Act*.

CLOSING SALE OF THE PROJECT

- 13. On application by the Receiver, the Court approved the sale of the Project and on November 28, 2014 the Court granted the Sale Approval and Vesting Order;
- 14. The Receiver completed all closing matters and on December 12, 2014 the sale closed and the Receiver received the deposit and closing proceeds aggregating \$14,448,250.
- 15. Pursuant to the Sale Approval and Vesting Order the Receiver was authorized to repay the Receiver’s borrowings and hold the balance of funds pending further order of the Court.

RECEIVER’S STATEMENT OF RECEIPTS AND DISBURSEMENTS

16. The Receiver's Statement of Receipts and Disbursements from the date of Receivership is as follows:

132 o/a Whitemud Heights Statement of Receipts and Disbursements For The Period from November 13, 2013 to March 18, 2015	
	Total
Receipts	
Receiver's borrowings	\$ 915,000
Sale of land and buildings, net of adjustments	14,448,250
Total Receipts	15,363,250
Disbursements	
Contractor services	23,752
Utilities and services	158,766
Insurance	230,078
Security	173,336
Site supervision	84,200
Fence rental	10,222
Bank charges	77
Professional fees	283,734
Relator fees	263,513
Other disbursements	670
Interest on Receiver's borrowings	60,765
Repayment of Receiver's borrowings	915,000
Total Disbursements	\$ 2,204,114
Funds in Receiver's Trust Account	\$ 13,159,136

- The Receiver issued three Receiver's Certificates to date for a total of \$915,000 which were funded by RBC. The Sale Approval and Vesting Order authorized the Receiver to repay the borrowings and the Receipts and Disbursements reflects the repayment, including interest thereon.
- The Receiver has incurred obligations in respect of Receivership fees, legal fees, and other commitments that have not yet been paid and are not reflected in the Receipts and Disbursements.
- There are no other sources of funds available to the estate.

CREDITORS OF 132

Royal Bank of Canada

17. RBC is the senior secured creditor of 132 and as set out in the affidavit of John Barath filed November 4, 2013, the claim of RBC as at October 6, 2013 was \$28.0 million plus costs and interest accruing thereafter.
18. According to the records of 132, on or about January 16, 2008, 132 granted to RBC a mortgage over its property. The mortgage was registered at Indian Lands Registry ("ILR") on April 8, 2008. RBC also holds a general security agreement and other security.
19. Counsel to the Receiver has provided a reasoned independent legal opinion indicating the security of RBC is valid and enforceable as against 132.

Depositors

20. A number of years prior to the Receivership and prior to the Head Lease being in place, Skyrider Developments Inc. ("**Skyrider Developments**") entered into reservation agreements ("**Reservation Agreements**") in the form attached as Appendix "B" with some of the potential purchasers in respect of units in the Project. Each of the Reservation Agreements provided for payment of a \$5,000 reservation fee, which would be credited against the purchase price if a purchase agreement was executed by the proposed purchaser.
21. Also prior to the Receivership and prior to the Head Lease being in place, purchase agreements in the form attached as Appendix "C" (the "**Purchase Agreements**") were entered into with various parties by either 132 or Skyrider Holdings Ltd. ("**Skyrider Holdings**") and collectively with Skyrider Developments, "**Skyrider**"), as developer of the Project.
22. Subsequent to the Purchase Agreements and also prior to the Receivership and prior to the Head Lease being in place, 132 entered into agreements in the form attached as Appendix "D" ("**Sublease Interest Agreements**") with most of the parties to the Purchase Agreements. By their terms, the Sublease Interest Agreements supersede any other agreements between the parties or any related parties. In other cases, 132 entered

into Sublease Interest Agreements only. We refer to persons party to the Purchase Agreements and/or the Sublease Interest Agreements as "**Purchasers**".

23. In connection with the Reservation Agreements, the Purchase Agreements and the Sublease Interest Agreements, deposits were lodged by some of the Purchasers (the "**Depositors**") with Skyrider, Prairie or Kennedy Agrios LLP, counsel to Skyrider and Prairie.
24. At the date of the Receivership, the financial statements of 132 disclose \$1,892,379.38 payable as "Purchaser Deposits". The Receiver understands this liability relates to the parties that entered into either Purchase Agreements or Sublease Interest Agreements for individual units in the Project. A list of the Depositors (with names redacted), the amount of the deposits from each and the party with whom the deposit was lodged is attached as Appendix "E".
25. There is no evidence available to the Receiver to indicate whether deposit monies were remitted to 132 and at the date of the Receivership there were no funds on deposit with 132.
26. The Receiver obtained from 132 a file for each of the Depositors which generally contain a Purchase Agreement, a Sublease Interest Agreement and a copy of a cheque paying the deposit.
27. The files obtained by the Receiver contained copies of eighty-eight Purchase Agreements and seventy-eight Sublease Interest Agreements. According to these files, deposits in the following amounts were paid by Depositors who signed Purchase Agreements and Sublease Interest Agreements and where no evidence exists to indicate deposits were returned.

	Deposit Amount
Ten Purchase Agreements Only	\$192,537.26
Seventy-eight Purchase Agreements and Sublease Interest Agreements	\$1,676,089.13

28. According to the Receiver's records, one deposit in the amount of \$23,744 may have been received from a depositor and the files did not contain a Purchase Agreement or Sublease Interest Agreement.
29. We also note the following with respect to the information in the files:
- i. The Purchase Agreements and the Sublease Interest Agreements were entered into in 2006 and 2007, prior to the date of the Head Lease with the Crown.
 - ii. The Purchase Agreements provided that Skyrider or 132 would hold deposits in a trust account (some of the Purchaser Agreements were in the name of Skyryder) and that some or all of those funds could be removed from trust when they became guaranteed by a government-approved warranty program. The Receiver is not aware of any deposits having been guaranteed by such a program.
 - iii. The Subcase Interest Agreements did not specify that deposits were to be held in trust.
 - iv. The Sublease Interest Agreements provided that deposits were non-refundable except in limited circumstances.
 - v. The deposit cheques were payable to either Skyrider (either Skyrider Developments or Skyrider Holdings Ltd.) or Kennedy Agrios LLP. Some of the cheques indicated the payments were to "Skyrider (in trust)".
 - vi. The Receiver was advised by Ridge Management that the deposit monies that were not returned were used to fund the construction of the Project. It is unclear from the books and records of 132 whether that was in fact the case.
 - vii. The Receiver does not have any specific information about how the deposit monies may have been used.

- viii. A number of Depositors commenced court actions for the recovery of their deposits and 132 was defending those actions when the Receiver was appointed. Some parties obtained judgments. Some of those parties have registered their claims at ILR. All of those registrations were made with ILR after the mortgage of RBC was registered.
 - ix. A number of deposits appear to have been held in trust by counsel for Sky rider and Prairie, Kennedy Agrios LLP. Information from Kennedy Agrios LLP indicates those deposits were either released to Prairie (those are included in the Depositor Claims) or returned to the party making the deposit. The information indicates \$707,604 in deposits were returned to various parties. There are no Purchase Agreements or Subcase Interest Agreements in the files obtained by the Receiver for the parties to whom such deposits were returned, nor are many of such parties identifiable.
30. All of the Depositors were notified of the Receivership proceedings and were served with notice of the application to approve the sale of the Project. None of the Depositors objected to the sale. The Receiver and its counsel have received correspondence or calls from a number of Depositors inquiring into the status of their claim. There are a number of registrations at ILR made by Depositors claiming an interest in land, but other than those registrations, the Receiver is not aware of Depositors asserting a security interest or priority claim to the Project.

Trail Purported PMSI

31. Trail Appliances Ltd ("**Trail**") recently filed a notice with the Receiver indicating they are owed \$103,088 plus undisclosed interest and claim a purchase money security interest ("**PMSI**") in appliances delivered by them to the apartment complex. Trail has a registration at PPR filed subsequent to the GSA of RBC but has not provided the security or other documentation with the Receiver.
32. Counsel is following up on the matter with Trail. The Receiver proposes to holdback \$125,000 until the issue is resolved between the parties or further order from the Court is obtained to distribute the funds.

Trade and Related Party Creditors

33. All trade and related party creditors known to the Receiver were sent notice of the Receivership proceedings.
34. The financial statements at the date of the Receivership disclose trade accounts payable of \$2,804,741 and net intercompany accounts payable of \$501,021.
35. The Receiver understands that substantially all of the trade payables relate to suppliers and contractors providing material and services for the construction of the apartment complex. The Receiver has no evidence that any liens were filed and has not received any notices from trade creditors claiming a security or other priority interest in the property other than the registration at ILR by Stratosphere Reality and Academy Painting claiming an interest in land.
36. The intercompany accounts payable were to the three shareholders:
- | | | |
|------|--------------|--------------------------|
| i. | Ridge | \$ 130,175 |
| ii. | White Castle | 1,258,323 |
| iii. | Prairie | (887,478) (a receivable) |
37. The Receiver is not aware that the two shareholders with amounts owing are claiming any security interest or other right of priority over the property.
38. Prairie has commenced an action against 132 and other parties claiming amounts in excess of \$4.0 million.

PROPOSED DISTRIBUTION OF SALE PROCEEDS

39. The Receiver, pursuant to the Receivership Order and Sale Approval and Vesting Order, is required to obtain approval of the Court in order to distribute the proceeds from the sale of the property.
40. Counsel to the Receiver ("**Counsel**") has provided a confidential reasoned independent opinion to the Receiver indicating that, at the time of closing of the sale of the Project, RBC had valid security over the Property of that was enforceable as against 132.

41. Counsel has also provided a confidential reasoned opinion to the Receiver addressing priority to the sale proceeds. In summary, the priority opinion indicates that the Depositors do not appear to have any interest in the proceeds of sale of the Project that rank senior in priority to RBC's security.


RECEIVER'S CONCLUSIONS AND RECOMMENDATIONS

42. The Receiver is of the view that it has made commercially reasonable efforts to understand the claims of and determine the rights of the various stakeholders to the proceeds from the Property which was the subject of the Sale Approval and Vesting Order.
43. The Receiver is satisfied that the interests of 132's stakeholders have been considered during the course of the Receivership including the Sale Process and this distribution process.
44. Based on the information in the records of 132, other information and findings discussed in this report and the legal opinions of its counsel, the Receiver is of the view that RBC has valid and enforceable security over the Property of 132, including the proceeds of sale. The Receiver is also of the view that with the exception of the potential PMSI of Trail, RBC has a first lien and a priority over all other creditors to the Property and to the proceeds from the sale of the Property.
45. Accordingly, the Receiver recommends to this Honourable Court that the funds remaining in the Receiver's Trust account be distributed to RBC or held back by the Receiver as follow:

i.	Funds in Receiver's Trust Account	\$13,159,136
ii.	Holdback for Trail claim	125,000
iii.	Holdback for Receiver and legal fees	150,000
iv.	Holdback for Contingency	84,136
v.	Distribution to RBC	12,800,000

All of which is respectfully submitted to this Honourable Court this 20th day of March, 2015.

**Alvarez & Marsal Canada Inc.,
in its capacity as Receiver and Manager of
1324206 Alberta Ltd.**

A handwritten signature in black ink, appearing to read 'Tim Reid', is written over a horizontal line.

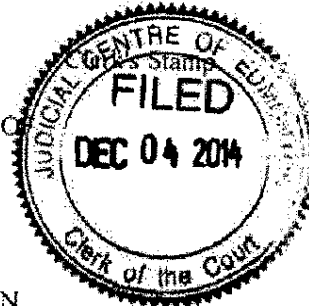
Tim Reid, Senior Vice President

Appendix "A"

hereby certify this to be a
true copy of the original.

for Clerk of the Court

COURT FILE NUMBER 1303 15731
COURT COURT OF QUEEN'S BENCH OF
ALBERTA
JUDICIAL CENTRE EDMONTON
PLAINTIFF
DEFENDANT RIDGE DEVELOPMENT CORPORATION
1324206 ALBERTA LTD.
DOCUMENT APPROVAL AND VESTING ORDER



ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT McMillan LLP
Suite 1700, 421 - 7th Avenue S.W.
Calgary, Alberta T2P 4K9

Attention: Adam Maerov

DATE ON WHICH ORDER WAS PRONOUNCED: November 28, 2014
NAME OF JUSTICE WHO MADE THIS ORDER: Justice D.R.G. Thomas
LOCATION OF HEARING: Edmonton, Alberta

UPON THE APPLICATION by Alvarez & Marsal Canada Inc. in its capacity as the Court-appointed receiver and manager (the "Receiver") of the undertaking, property and assets of 1324206 Alberta Ltd. (the "Debtor") for an order approving the sale transaction (the "Transaction") contemplated by an agreement of purchase and sale (the "Sale Agreement") between the Receiver and 1845315 Alberta Ltd. (the "Purchaser") dated September 24, 2014 and appended to the First Report of the Receiver dated November 21, 2014 (the "Report"), and vesting in the Purchaser the Debtor's right, title and interest in and to the assets described in the Sale Agreement (the "Assets");

AND UPON HAVING READ the Receivership Order dated November 13, 2013 (the "Receivership Order"), the Report and the Affidavit of Service; AND UPON HEARING the submissions of counsel for the Receiver 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, and 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 TRANSACTIONS

2. The Transaction is hereby approved, and the execution of the Sale Agreement 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 the completion of the Transaction or for the conveyance of the Assets to the Purchaser.

VESTING OF PROPERTY

3. Upon the delivery of a Receiver's certificate to the Purchaser substantially in the form set out in **Schedule "A"** hereto (the "Receiver's Certificate"), all of the Debtor's right, title and interest in and to the Assets described in the Sale Agreement and listed on **Schedule "B"** hereto shall vest absolutely in the name of the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "Claims") including, without limiting the generality of the foregoing:
 - (a) any encumbrances or charges created by the Receivership Order;
 - (b) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Alberta) or any other personal property registry system; and
 - (c) those Claims listed on **Schedule "C"** hereto (all of which are collectively referred to as the "Encumbrances", which term shall not include the permitted encumbrances, easements and restrictive covenants listed on **Schedule "D"**); and,

for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Assets are hereby expunged and discharged as against the Assets.

4. Upon the delivery of the Receiver's Certificate, and upon the filing of a certified copy of this Order, together with any applicable registration fees, the Registrar of Indian Lands Registry (Canada) (the "Registrar") is hereby authorized, requested, and directed to register a certified copy of this Order in respect of lands comprising the Stony Plain Indian Reserve No. 135, being the lands occupied by the Enoch Cree Nation 440 and legally described as:

Canada Lands Survey System Plan No. 96507
Within Lot 186, Plan 92619 CLSP
Within the NE 1/4 23-52-26 W4M

PIN 702522166

(the "Project Lands")

and to register such transfers, discharges, discharge statements of conveyances, as may be required to withdraw all notices against the Project Lands except those encumbrances (the "Permitted Encumbrances") listed on **Schedule "D"** hereto.

5. For the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Assets (to be held in an interest bearing trust account by the Receiver) shall stand in the place and stead of the Assets, and from and after the delivery of the Receiver's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Assets with the same priority as they had with respect to the Assets immediately prior to the sale, as if the 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.
6. The Debtor and all persons who claim by, through or under the Debtor in respect of the Assets, save and except for the persons entitled to the benefit of the Permitted Encumbrances, shall stand absolutely barred and foreclosed from all estate, right, title, interest, royalty, rental and equity of redemption of the Assets and, to the extent that any such persons remains in possession or control of any of the Assets, they shall forthwith deliver possession thereof to the Purchaser.
7. The Purchaser shall be entitled to enter into and upon, hold and enjoy the Assets for its own use and benefit without any interference of or by the Debtor, or any person claiming by or through or against the Debtor.

8. Immediately after the closing of the Transaction, the holders of the Permitted Encumbrances shall have no claim whatsoever against the Receiver or the Debtor.
9. The Receiver is to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof to the Purchaser.
10. Pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act* and section 20(e) of the Alberta *Personal Information Protection Act*, the Receiver is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Debtor's records pertaining to the Debtor's past and current employees, including personal information of those employees listed in the Sale Agreement. The Purchaser 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 by the Debtor.
11. Notwithstanding:
 - (a) The pendency of these proceedings;
 - (b) Any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Debtor and any bankruptcy order issued pursuant to any such applications; and
 - (c) Any assignment in bankruptcy made in respect of the Debtor;the vesting of the Assets in the Purchaser 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 settlement, fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) 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.
12. The Receiver, the Purchaser and any other interested party, shall be at liberty to apply for further advice, assistance and directions 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.

RESTRICTED COURT ACCESS ORDER (SEALING ORDER)

13. The confidential appendices to the First Report of the Receiver containing a copy of the Sale Agreement and a copy of the review and analysis of the offers (together, the "Confidential

b *earlier* ⁵ *✓*

Appendices") are hereby sealed until the ~~later~~ of a) completion of the sale approved by this Order, b) May 28, 2015 or c) such later date as may be ordered by further Order of the Court. The Clerk of the Court is hereby directed to file the Confidential Appendices to the First Report of the Receiver in a sealed envelope with an attached notice that sets out the title of these proceedings, a description of the documents contained therein and a statement that the envelope's contents are sealed pursuant to this Order.

SALE PROCEEDS

14. The Receiver is hereby authorized to distribute the proceeds of the Transaction in repayment of the Receiver's Borrowings Charge together with interest and charges thereon (as defined in the Receivership Order), and the Receiver shall hold the remaining proceeds until further order of this Court.

MISCELLANEOUS MATTERS

15. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States 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 orders as to provide such assistance to the Receiver, as an officer of this 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.
16. This Order must be served only upon those interested parties attending or represented at the within application and service may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following the transmission or delivery of such documents.
17. Service of this Order on any party not attending this application is hereby dispensed with.

[Signature]

J.C. C.Q.B.A.
[Signature] "35"

1

Schedule "A"**Form of Receiver's Certificate**

COURT FILE NUMBER	1303 15731	Clerk's Stamp
COURT	COURT OF QUEEN'S BENCH OF ALBERTA	
JUDICIAL CENTRE	EDMONTON	
PLAINTIFF	RIDGE DEVELOPMENT CORPORATION	
DEFENDANT	1324206 ALBERTA LTD.	
DOCUMENT	RECEIVER'S CERTIFICATE	

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

McMillan LLP
Suite 1700, 421 – 7th Avenue S.W.
Calgary, Alberta T2P 4K9

Attention: Adam Maerov

RECITALS

- A. Pursuant to an Order of the Honourable Justice D.R.G. Thomas of the Court of Queen's Bench of Alberta, Judicial District of Edmonton (the "Court") dated November 13, 2013, Alvarez & Marsal Canada Inc. was appointed as the receiver (the "Receiver") of the undertaking, property and assets of 1324206 Alberta Ltd. (the "Debtor").
- B. Pursuant to an Order of the Court dated November 28, 2014, the Court approved the agreement of purchase and sale made as of September 24 2014 (the "Sale Agreement") between the Receiver and 1845315 Alberta Ltd. (the "Purchaser") and provided for the vesting in the Purchaser of the Debtor's right, title and interest in and to the Assets, which vesting is to be effective with respect to the 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 Assets; (ii) that the conditions to Closing as set out in the Sale Agreement 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, terms with initial capitals have the meanings set out in the Sale Agreement.

THE RECEIVER CERTIFIES the following:

2

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Assets payable pursuant to the Sale Agreement;
2. The conditions to Closing as set out in the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at _____ on _____.

Alvarez & Marsal Canada Inc., in its capacity as Receiver of the undertaking, property and assets of 1324206 Alberta Ltd., and not in its personal capacity.

Per; _____

Name:

Title:

Schedule "B"**ASSETS**

The building and improvements known as Whitemud Heights, being a 123 Unit Condominium Project located at 231 Street & 79 Avenue NW, Stony Plain Indian Reserve No. 135 (the "Project").

All inventory, goods, equipment, chattels and fixtures situate in or about the Project, including all appliances presently located on the Project.

Assignment of Lease between 1324206 Alberta Ltd. and Her Majesty the Queen dated February 21, 2008 for the Lands described as:

In the Northeast Quarter, Section 23
Township 52, Range 26, West
Of the Fourth Meridian and
Being: Lot 186
As shown on a Registration
Plan recorded in the offices of Natural Resources Canada
In Edmonton as CISR 92619

Excepting thereout all mines and minerals, whether precious or base, solid, liquid or gaseous

Assignment of all contracts in respect of the Project which are capable of being assigned by the Receiver or the Court of Queen's Bench of Alberta.

Schedule "C"**CLAIMS****1. Indian Land Registrations:**

- a) Mortgage granted by Royal Bank of Canada, Registration No. 355504
- b) Consent re: Mortgage 355504 granted by Her Majesty the Queen in right of Canada, Registration No. 355503
- c) Lease granted by 1324206 Alberta Ltd., Registration No. 322152
- d) Consent granted by 1324206 Alberta Ltd. re: Lease Registration 355152, Registration No. 355503
- e) Notice re: Mortgage 355504, Registration No. 6056175
- f) Withdrawal of Notice re: Notice 6056175, Registration No. 6057309
- g) Notice re: Lease Registration 355152 (re: interest in land), Registration No. 6065824
- h) Withdrawal of Notice re: Notice 6065824, Registration No. 6067124
- i) Notice re: Lease Registration 355152 (re: interest in land), Registration No. 6068176
- j) Notice re: Lease Registration 355152 (re: interest in suite and parking stall), Registration No. 6070100
- k) Certificate of Lis Pendens re: Lease Registration 355152 and Mortgage Registration 355504, Registration No. 6071206
- l) Certificate of Lis Pendens re: Lease Registration 355152 and Agreement Registration 6067666, Registration No. 6071211
- m) Notice re: Lease Registration 355152 (re: interest in land), Registration No. 6072546
- n) Notice re: Lease Registration 355152 (re: interest in land re assignment of sale proceeds), -- Registration No. 6073753
- o) Notice re: Lease Registration 355152 (re: consent order), Registration No. 6074369
- p) Notice re: Lease Registration 355152 (re: interest in land), Registration No. 6074372
- q) Notice re: Lease Registration 355152 (re: interest in land), Registration No. 6074373
- r) Notice re: Lease Registration 355152 (re: interest in land), Registration No. 6074374
- s) Notice re: Lease Registration 355152 (re: interest in land), Registration No. 6074375
- t) Court Order re: Lease Registration 355152, Mortgage Registration 355504, Registration No. 6075763

2. Personal Property Registrations:

2

- a) Security Agreement between Royal Bank of Canada and 1324206 Alberta Ltd. and Whitemud Heights Ltd., Registration No. 07102507022
- b) Land Charge between Royal Bank of Canada and 1324206 Alberta Ltd. and Whitemud Heights Ltd., Registration No. 07102507139
- c) Security Agreement between Trail Appliances Ltd. and 1324206 Alberta Ltd., Registration No. 09120409337
- d) Writ of Enforcement filed by Darryl Dolynny against 1324206 Alberta Ltd., Registration No. 13102827584;
- e) Write of Enforcement filed by Gene Chan, Lily Chan, James Matsune, June Mah, Richard Van Toan Lee, Tuan T. Tan against 1324206 Alberta Ltd. and Whitemud Heights, Registration No. 13110811102;
- f) Security Agreement between Kirwin LLP and 1324206 Alberta Ltd. and Whitemud Heights, Registration No. 1311517129

Schedule "D"**PERMITTED ENCUMBRANCES**

Blanket Distribution Permit granted to Alberta Government Telephones dated October 14, 1969 and as registered in the Indian Lands Registry under number 15389 and as amended by 206120, 270394 and 270395

Blanket Distribution Permit granted to Calgary Power Ltd. dated July 7, 1975 and as registered in the Indian Lands Registry under number 56470 and as amended by 206390

Blanket Distribution Permit granted to Northwestern Utilities Limited dated June 16, 1972 and as registered in the Indian Lands Registry under number X17088 and as amended by 314500

Blanket Distribution Permit granted to Her Majesty the Queen in Right of Alberta dated May 20, 2004 and as registered in the Indian Lands Registry under number 323673

Lease between Crown Canada and 1324206 Alberta Ltd. registered in the Indian Land Registry under number 355152

Agreement between Enoch Utilities Limited and 1324206 Alberta Ltd. registered in the Indian Land Registry under number 6067666

Certificate of Possession 403016251 in favour of Dean Alexander registered in the Indian Land Registry under number 6062353

Caveat 812JA

Appendix "B"

Skyrider Developments Inc.
#203, 5013 - 48 Street
Stony Plain, AB T7Z 1L8

Estates

Phase 1

Whitemud Drive & 231 Street, Edmonton, AB

Reservation Agreement

In consideration of the payment of the Reservation fee, in the sum of \$5,000.00 Skyrider Developments Inc. agrees to design a condominium for the customer, being Model [REDACTED] Suite # [REDACTED], Parking Stall # [REDACTED], as generally depicted on the proposed plans.

The basic price will be \$ [REDACTED] and this price and this suite and parking stall(s) shall be reserved for the Customer as follows:

Subject to development approval and satisfactory sales test, Skyrider Developments Inc. shall present the customer with a Purchase Agreement and all supporting documents by not later than

January 31, 2007.

If the condominium documents are not ready, Skyrider Developments Inc. shall refund its fee in the amount of \$5,000.00 to the Customer by not later than January 31, 2007.

If the Purchase Agreement is executed by the Customer, Skyrider Developments Inc. shall credit the Customer the sum of \$5,000.00 against the purchase price of the suite.

If the Purchase Agreement is not executed by the Customer, Skyrider Developments Inc. shall refund the Reservation fee.

THIS RESERVATION AGREEMENT is made on this [REDACTED] day of [REDACTED] 2006

SKYRIDER DEVELOPMENTS INC.

[REDACTED]
Sales Consultant

[REDACTED]
CUSTOMER
[REDACTED]
CUSTOMER

Appendix "C"

✓ [REDACTED]
[REDACTED]

Customer Information Package

'Whitemud Heights'
123 unit Condominium
Whitemud Drive & 231 Street
Edmonton, Alberta

PHASE I

[REDACTED]

THE PURCHASER MAY, WITHOUT INCURRING ANY LIABILITY FOR DOING SO, RESCIND THIS AGREEMENT WITHIN 10 DAYS OF ITS EXECUTION BY THE PARTIES TO IT UNLESS ALL OF THE DOCUMENTS REQUIRED TO BE DELIVERED TO THE PURCHASER UNDER SECTION 12 OF THE CONDOMINIUM PROPERTY ACT HAVE BEEN DELIVERED TO THE PURCHASER NOT LESS THAN 10 DAYS PRIOR TO THE EXECUTION OF THIS AGREEMENT BY THE PARTIES TO IT.

Translation: The purchaser may cancel this agreement within 10 days after he or she has received this Customer Information Package.

This document contains the terms of an agreement made between:

~~Steyrider Holdings Ltd.~~
#104 5013-48 Street
Stony Plain, Alberta T7Z 1L8

(The Developer)

- and -

presently of

Telephone

(The Purchaser)

1. The Purchase

The Purchaser agrees to purchase, from The Developer, an Apartment Home described as follows:

- a) Suite # [REDACTED] (Legal Unit # [REDACTED], Model Type [REDACTED] in a complex known as 'Whitemud Heights' (name pending) to be built at Whitemud Drive & 231 Street in Edmonton, Alberta. Copies of the proposed project plans (site plan, parkade plan, floor plates, project specifications) are included in the "condominium plan" section of the Customer Information Package;
- b) Titled Underground Parking Stall # [REDACTED];
- c) Titled surface parking stall # [REDACTED] and, [REDACTED];
- d) the shares in the common property attached to the purchaser's units.

2. Payment

The Purchaser agrees to pay for the Apartment Home as follows:

\$ [REDACTED] Initial deposit / Reservation Fee

\$ [REDACTED] additional deposit

\$ [REDACTED]
\$ [REDACTED]
\$ [REDACTED] balance due on the Closing Date.

\$ [REDACTED] Total Purchase Price (including net GST)

Deposits

- 3.1 The Purchaser's deposit shall be promptly returned to the Purchaser if:
- a) The Developer does not accept this offer within 5 business days, or;
 - b) the Purchaser cancels this agreement within 10 days of receiving The Developer's Customer Information Package.

Except as outlined above, the Purchaser's deposit is non-refundable.

- 3.2 Once The Developer has returned the Purchaser's deposit, neither party has any further recourse under this agreement.
- 3.3 The Developer shall hold the Purchaser's deposit(s) in a trust account. Some or all of those funds may be removed from trust when they have become guaranteed by a government-approved warranty program.

4. Information Provided

- 4.1 The Developer has provided the Purchaser with the following information in accordance with the Condominium Property Act:
- a) this Purchase Agreement;
 - b) the proposed Condominium Plan, which includes:
 - project site plan
 - underground parking plan
 - floor plates showing the layout for each floor of the project
 - summary of project specifications
 - description of common property
 - c) the proposed By-Laws of the condominium corporation;
 - d) Other Documents related to the purchase,
 - warranty documents
 - e) Budget documents, namely:
 - proposed budget for 1st year of operations
 - list of unit factors and estimated condominium fees
- 4.2 The Developer may make minor changes to the documents mentioned above including the plans and specifications for the project. Minor changes are changes that do not significantly detract from the value or the appearance of the Apartment Home.
- 4.3 Any materials substituted for the materials listed in the project specifications must be of equal or better quality than the materials they are replacing.

5. Warranty

5.1 The Developer agrees to enroll the project with the National Home Warranty Program. As such, the Apartment Home will carry the following warranties specified by the Program, including:

- a) Deposit coverage;
- b) Completion guarantee;
- c) 1 year warranty on defects in workmanship and materials;
- d) 5 year warranty on structural (load bearing) components.

5.2 A copy of the Warranty documents is included in the "Other Documents" section of the Customer Information Package. All other warranties are excluded.

5.3 Any disputes arising under this purchase agreement shall be settled through the dispute resolution process specified by the warranty provider.

6. Closing Date and Possession

6.1 The Developer shall diligently plan and construct the Home. Although The Developer cannot guarantee a possession date until construction is well under way, The Developer agrees to give the Purchaser 45 days written notice of the date the Home will be ready for occupancy. That date will be the "Closing Date."

6.2 The Purchaser acknowledges that the Apartment Home could be ready for occupancy even though certain seasonal items (exterior paint, concrete work, stucco, landscaping, etc.) have yet to be completed. The Developer shall complete those items as soon as practicable, given the weather.

6.3 The Developer will give the Purchaser vacant possession of the Apartment Home on the Closing Date, as long as the entire purchase price has been paid.

7. Adjustments

7.1 The Developer is responsible for property taxes, monthly condominium fees and other such charges which have accrued up to the Closing Date. The Purchaser is responsible for any such charges accruing from the Closing Date onwards. The final amount due to The Developer will be adjusted slightly (upward or downwards) so that any prepaid or unpaid amounts are appropriately allocated to the proper party.

7.2 If the Purchaser takes possession before Condominium Fees have been assessed, the Purchaser agrees to pay The Developer 80% of the proposed condominium fees (as shown in the Customer Information Package) to help cover project management costs (utilities, elevator maintenance, insurance, etc.).

8. Transfer of Title

8.1 The Developer shall transfer title to the Apartment Home to the Purchaser, clear of all encumbrances except:

- a) such non-financial encumbrances as may be registered by public authorities, utility companies, or neighbouring land owners. These encumbrances might relate to access, use, architectural guidelines, utility rights of way, drainage, environmental protection or other similar matters;
- b) any encumbrances which The Developer's lawyer has undertaken to discharge as part of the conveyance process.

8.2 The transaction will proceed according to normal real estate conveyance practice. In other words, The Developer will provide a Transfer of Land to the Purchaser's lawyer on trust conditions designed to ensure that upon registration of the transfer, the entire balance due to The Developer will be paid. The Developer will be entitled to use the Purchaser's funds to obtain a partial discharge of the construction mortgage as it relates to the Purchaser's Apartment Home. Each party will pay their own legal costs.

8.3 Except where The Developer has given its written consent to other arrangements, any amount not actually released to The Developer on the Closing Date shall bear simple interest at an annual effective rate of 8%.

9. Builders' Lien Obligations

9.1 The Purchaser acknowledges that the project is being built entirely at The Developer's request. Accordingly, unless extraordinary circumstances exist, the Purchaser will not be required to hold back funds under the Builders' Lien Act.

10. Goods and Services Tax

10.1 The Purchase Price of the Apartment Home includes net GST. In other words, The Developer will pay the GST arising from the sale, as long as the Purchaser assigns the New Housing Rebate to The Developer. If the Purchaser is not entitled to the New Housing Rebate, the Purchaser will:

- a) pay The Developer an equal amount to the Rebate which would otherwise have been paid;
- b) be free to claim any GST rebates available to owners of rental properties.

10.2 If the net GST applicable to this transaction changes, the final amount payable to the Developer will be adjusted so that the Purchaser pays the actual amount of GST required.

11. Notices

11.1 Any notices given under this agreement shall be deemed to be received once delivered:

- a) to the Developer at its address as stated on this agreement;
- b) to the Purchaser at the address shown in this purchase agreement, or, after the Closing Date, at the Apartment Home.

11.2 Either party may change its address by given written notice to that effect.

12. Miscellaneous

12.1 The Purchaser may not assign this purchase agreement without The Developer's written consent.

12.2 Words of number or gender used in this purchase agreement shall be read as the context requires. In other words, "he" means "he", "she", "it" or "they", depending on whether the Purchaser is a man, a woman, a group, a corporation or a couple.

12.3 This purchase agreement is binding on the Purchaser's estate as well as on The Developer's successors or assignees.

12.4 On marketing materials, unit sizes have been estimated using standards developed for commercial buildings (i.e. suite areas include all of exterior walls, ½ of party walls, nothing for unit's share of common property). On the registered condominium plan, unit sizes are likely to be based on interior measurements only.

12.5 The parties agree to sign such documents and to do such things as may be required to give effect to the spirit and intent of this agreement.

13. Entire Agreement

13.1 This Purchase Agreement contains the entire agreement between the parties. In other words, the parties are not legally bound to honour any obligations other than those contained in this Purchase Agreement.

13.2 This agreement may be amended only by a further written agreement, signed by both parties.

14. Purchaser's Offer

- 14.1 The Purchaser hereby offers to purchase the Apartment Home from The Developer according to the terms and conditions outlined in this Purchase Agreement. The offer is irrevocable and open for The Developer's acceptance for 5 business days from the date upon which it was made.
- 14.2 Acceptance of this offer shall be only by the signature of The Developer's authorized officer. Once this offer has been signed, The Developer shall provide the Purchaser with a photocopy of this purchase agreement, signed by both parties.

This offer is made on the _____ day of _____.

Signed by the Purchaser
in the presence of

Witness signature

(purchaser signature)

(2nd purchaser signature)

Acceptance

By the signature of its authorized officer, The Developer now accepts the Purchaser's offer, this _____ day of _____.

1324208 Alberta Ltd.

Per: _____
Signature of authorized officer

Appendix "D"

**WHITEMUD HEIGHTS – (Phase One)
PURCHASE AGREEMENT**

This document contains the terms of an agreement made between:

**1324206 Alberta Ltd.
17307- 106 Avenue
Edmonton, Alberta
T5S 1E7**

(the "Developer")

-and-

presently of _____

Telephone _____

(the "Purchaser")

1.1 The Purchase

The Purchaser agrees to purchase, from the Developer, a sublease interest, as described below, in an apartment home comprised of the following (the "Apartment Home"):

- (a) Suite # _____ (Legal Unit # _____, Model Type _____ in a complex known as "Whitemud Heights" to be built at Whitemud Drive & 231 Street in Enoch, Alberta. Copies of the proposed project plans (site plan, parkade plan, floor plates, project specifications) are included in the "project plan" section of the customer information package;
- (b) underground parking stall(s) # _____;
- (c) surface parking stall(s) # _____;
- (d) use of the common areas available to residents of the complex; and
- (e) a voting share in the corporation comprising the homeowner's association (the "Homeowner's Association").

The sublease interest shall be a fully prepaid sublease of the Apartment Home for a term of 49 years. In addition, a commitment has been made that, at the end of the initial term, a further sublease of 49 years will be offered at a cost of \$1.00, as set forth in Appendix "A", attached hereto. This further sublease may require the consent of the Enoch Band or The Department of Indian and Northern Affairs, or both. The Head Lease of the lands, building and common areas shall be held by the Homeowner's Association for the benefit of the Purchaser and all other subtenants of the complex.

1.2 This agreement shall be in substitution for and shall supersede all previous agreements between the parties or any related parties with respect to the Apartment Home.

2. **Payment**

The Purchaser agrees to pay the sum of \$ [REDACTED] (the "Purchase Price") for the Apartment Home payable as follows:

\$ [REDACTED] initial deposit

\$ [REDACTED] additional deposit

\$ [REDACTED] [REDACTED]

\$ [REDACTED] balance due on closing

\$ [REDACTED] Goods and Services Tax

\$ [REDACTED] Purchase Price

3. **Deposits**

3.1 The Purchaser's deposit shall be promptly returned to the Purchaser if:

- a) the Developer does not accept this offer within 5 business days, or;
- b) the Purchaser cancels this agreement within 10 days of receiving the Developer's Customer Information package.

Except as outlined above or in accordance with Article 9.3 below, the Purchaser's deposit is non refundable.

3.2 Once the Developer has returned the Purchaser's deposit, neither party has any further recourse under this agreement.

3.3 The Developer shall apply the Purchaser's deposits to the Purchase Price.

4. **Information Provided**

4.1 The Developer has provided the Purchaser with the following information:

- a) this Purchase Agreement;

- b) the proposed Project Plan, which includes:
 - Project site plan
 - Underground parking plan
 - Floor plates showing the layout for each floor of the complex
 - Summary of floor specifications
 - Description of common areas available for use by residents
- c) the proposed rules and regulations of the Homeowner's Association;
- d) warranty documents;
- e) budget documents, namely:
 - estimated monthly Additional Rent

4.2 The Developer may make minor changes to the documents mentioned above including the plans and the specifications for the complex. Minor changes are changes that do not significantly detract from the value or the appearance of the Apartment Home.

4.3 Any materials substituted for the materials listed in the project specifications must be of equal or better quality than the materials they are replacing.

5. Warranty

5.1 The Developer agrees to enroll the complex with the National Home Warranty Program (the "Program"). As such, the Apartment Home will carry the following warranties specified by the Program, including:

- (a) completion guarantee
- (b) 1 year warranty on defects in workmanship and materials
- (c) 5 year warranty on structural (load bearing) components

5.2 A copy of the warranty documents for the program is included in the "Other Documents" section of the customer information package. All other warranties are excluded.

5.3 Any dispute arising under this Purchase Agreement shall be settled through the dispute resolution process specified by the Program.

6. Closing Date and Possession

6.1 The Developer shall diligently plan and construct the Apartment Home. Although the Developer cannot guarantee a possession date until construction is well under way, the Developer agrees to give the Purchaser 45 days written notice of the date the Apartment Home will be ready for occupancy. That date will be the "Closing Date."

6.2 The Purchaser acknowledges that the Apartment Home could be ready for occupancy even though certain seasonal items (exterior paint, concrete work, stucco, landscaping, etc.) have yet to be completed. The Developer shall complete those items as soon as practicable, given the weather.

- 6.3 The Developer will give the Purchaser vacant possession of the Apartment Home on the Closing Date, as long as the entire Purchase Price has been paid.
- 6.4 Prior to accepting possession, the Purchaser may inspect the Apartment Home together with a representative of the Developer, and any such taking of possession shall be conclusive evidence as against the Purchaser that at the time thereof, the Apartment Home (save as shown on a deficiency list in writing to be agreed upon by the Purchaser and the Developer before the Purchaser takes possession of the Apartment Home) was in good and satisfactory condition and that all undertakings, if any, of the Developer in respect of the Apartment Home and the condition thereof have been fully satisfied and performed by the Developer. The Developer shall rectify the deficiencies, if any, contained in the said list within a reasonable time.

7. Adjustments

The Developer is responsible for property taxes, monthly Additional Rent and other such charges which have accrued up to the Closing Date. The Purchaser is responsible for any such charges accruing from the Closing Date onward. The final amount due to the Developer will be adjusted slightly (upwards or downwards) so that any prepaid or unpaid amounts are appropriately allocated to the proper party.

- 7.2 If the Purchaser takes possession before Additional Rent has been assessed, the Purchaser agrees to pay the Developer 80% of the proposed Additional Rent (as shown in the attached disclosure package) to help cover project management costs (utilities, elevator maintenance, insurance, etc), until such time as the actual Additional Rent has been established by the board of the Homeowners Association.

8. Assignment of Sublease

- 8.1 On closing, the Developer shall enter into a sublease of the Apartment Home to the Purchaser, as described in paragraph 1 hereof (the "Sublease") which Sublease shall be subject only to:

- a. such non-financial encumbrances as may be registered by public authorities, utility companies, or neighboring land owners. These encumbrances might relate to access, use, architectural guidelines, utilities rights of way, drainage, environmental protection or other similar matters;
- b. any encumbrances which the Developer's lawyer has undertaken to discharge as part of the conveyance process.

- 8.2 The Sublease, together with any mortgage financing arranged by the Purchaser, will be subject to the consent and approval of a representative of the Minister of Indian Affairs and Northern Development. All documentation will be registered in the Indian Lands Registry maintained by Indian and Northern Affairs Canada.

8.3

- (a) If the Purchaser is obtaining a mortgage, then the Purchaser agrees to execute all necessary documents to irrevocably assign the proceeds of the mortgage to the Developer, to cooperate fully in obtaining

prompt payment of the proceeds to the Developer and to not hinder or delay such payment. The Purchaser shall use his best efforts to ensure that all advances under any mortgage financing shall be made without the deduction of any interest or charges therefrom. The Purchaser hereby irrevocably assigns the proceeds of the mortgage to the Developer to secure payment of the Purchase Price.

(b) All legal fees and disbursements for the preparation and registration of the mortgage and transfer of land are to be the Purchaser's expense.

8.4 Except where the Developer has given its written consent to other arrangements, any amount not actually released to the Developer on the Closing Date shall bear simple interest at an annual effective rate of 8%.

8.5 The Purchaser acknowledges and agrees that upon assignment of the Sublease, the Purchaser shall be bound by, and shall observe and perform, the terms and conditions of the Head Lease. Upon completion of the Complex, the Developer shall assign all of its interest in the Head Lease to the Homeowner's Association.

9. Resale of Apartment Home

9.1 In the event the Purchaser chooses to sell, convey, or assign any of its rights under this agreement prior to the Closing Date, the Purchaser shall first notify the Developer of such intention at which time the Developer may exercise its option to market the Apartment Home for sale.

9.2 If the Developer exercises its option in accordance with 9.1 above, it shall have the sole right to market the Apartment Home and the Developer shall market the Apartment Home in the same manner as the Developer markets the balance of the unsold units in the complex, provided however that no offer for the Apartment Home shall be accepted by the Developer without the written consent of the Purchaser.

9.3 If the Apartment Home is ultimately sold by the Developer following the exercise of its option for an amount greater than the Purchase Price, the Developer shall forthwith return to the Purchaser the full amount of any deposits paid by the Purchase, as well as 80% of the difference between the selling price and the Purchase Price, calculated after deducting any and all expenses, including legal fees, ancillary to the sale of the Apartment Home.

9.4 Notwithstanding anything contained herein, if the Apartment Home is not re-sold pursuant to this provision, the Purchaser shall be bound by this Purchase Agreement to complete the purchase of the Apartment Home in accordance with the terms hereof.

10. Builders' Lien Obligations

10.1 The Purchaser acknowledges that the complex is being built entirely at the Developer's request. Accordingly, unless extraordinary circumstances exist, the Purchaser will not be required to hold back funds under the Builders' Lien Act.

11. Homeowners Association

- 11.1 The Purchaser is aware that the Homeowner's Association will be established to operate and maintain the common elements of the complex. The Purchaser agrees to observe and perform all of its obligations pursuant to the rules and regulations of the Homeowner's Association, and any management agreements entered into by the Homeowner's Association, and in particular the Purchaser is aware that the subtenants of all units must pay Additional Rent imposed by the Homeowner's Association based upon the same footage of each unit in the Complex to meet common expenses including (amongst others) such things as management fees, insurance premiums and common utilities and maintenance plus an amount equal to 10% of the Additional Rent which will be payable in lieu of realty taxes pursuant to the terms of the Sublease.

12. Notices

- 12.1 Any notice given under this agreement shall be deemed to be received once delivered:
- a) to the Developer at its address as stated on this agreement
 - b) to the Purchaser at the address shown in this purchase agreement, or, after the Closing Date, at the Apartment Home.
- 12.2 Either party may change its address by given written notice to that effect.

13. Miscellaneous

- 13.1 The Purchaser may not assign this Purchase Agreement without the Developer's written consent.
- 13.2 Words of number or gender used in this purchase agreement shall be read as the context requires. In other words, "he" means "he", "she", "it", or "they", depending on whether the Purchaser is a man, woman, a group, a corporation or a couple.
- 13.3 This Purchase Agreement is binding on the Purchaser's estate as well as on the Developer's successors or assignees.
- 13.4 In all marketing materials, unit sizes have been estimated using standards developed for commercial buildings (i.e. suite areas include all of the exterior walls, 1/4 of the party walls, nothing for unit's share of common property).
- 13.5 The parties agree to sign such documents and to do such things as may be required to give effect to the spirit and intent of this Purchase Agreement.

14. Entire Agreement

- 14.1 This Purchase Agreement contains the entire agreement between the parties. In other words, the

parties are not legally bound to honor any obligations other than those contained in this Purchase Agreement.

14.2 This Purchase Agreement may be amended only by a further written agreement, signed by both parties.

15. Purchaser's Offer

15.1 The Purchaser hereby offers to purchase a sublease interest in the Apartment Home from the Developer according to the terms and conditions outlined in this Purchase Agreement. The offer is irrevocable and open for the Developer's acceptance for 5 business days from the date upon which it was made.

15.2 Acceptance of this offer shall be only by signature of the Developer's authorized officer. Once this offer has been accepted, the Developer shall provide the Purchaser with a photocopy of this purchase agreement, signed by both parties.

This offer is made on the _____ day of _____

Signed by the Purchaser
in the presence of:

(Witness signature)

(purchaser signature)

(2nd purchaser signature)

Acceptance

By the signature of its authorized officer, the Developer now accepts the Purchaser's offer, this _____ day of _____

Per: _____

(signature of authorized officer)

Appendix "E"

APPENDIX "E"

1. Depositors Who Signed Purchase Agreements and Sublease Interest Agreements

Legal Unit	Suite #	Purchaser Name	Date of Original Purchase Agreement (signed)	Date of Sublease Interest Agreement	Total Deposits Received
85	325	Redacted	31-Dec-06	14-Sep-07	10,000.00
54	225	Redacted	2-Jan-07	14-Sep-07	10,000.00
23	124	Redacted	4-Jan-07	14-Sep-07	10,000.00
24	125	Redacted	15-Jan-07	5-Sep-07	5,000.00
48	219	Redacted	27-Jan-07	6-Sep-07	22,611.92
111	420	Redacted	29-Jan-07	8-Jul-07	11,782.96
112	421	Redacted	29-Jan-07	8-Jul-07	11,782.96
26	127	Redacted	30-Jan-07	8-Aug-07	11,040.96
28	129	Redacted	30-Jan-07	8-Aug-07	5,000.00
32	202	Redacted	30-Jan-07	8-Aug-07	5,000.00
33	203	Redacted	30-Jan-07	8-Aug-07	11,300.66
67	306	Redacted	30-Jan-07	9-Aug-07	25,753.76
93	401	Redacted	30-Jan-07	8-Aug-07	5,000.00
99	407	Redacted	30-Jan-07	22-Aug-07	23,565.92
106	415	Redacted	30-Jan-07	8-Jul-07	11,782.96
107	416	Redacted	30-Jan-07	8-Jul-07	11,782.96
108	417	Redacted	30-Jan-07	9-Aug-07	27,449.75
17	118	Redacted	31-Jan-07	20-Aug-07	22,081.92



Legal Unit	Suite #	Purchaser Name	Date of Original Purchase Agreement (signed)	Date of Sublease Interest Agreement	Total Deposits Received
31	201	Redacted	31-Jan-07	27-Aug-07	22,601.32
39	209	Redacted	31-Jan-07	11-Aug-07	21,551.92
43	214	Redacted	31-Jan-07	27-Aug-07	22,611.92
44	215	Redacted	31-Jan-07	8-Jul-07	22,611.92
50	221	Redacted	31-Jan-07	14-Aug-07	11,305.96
56	227	Redacted	31-Jan-07	16-Aug-07	21,551.92
58	229	Redacted	31-Jan-07	1-Jul-07	22,344.80
59	230	Redacted	31-Jan-07	16-Aug-07	21,284.80
63	302	Redacted	31-Jan-07	17-Aug-07	10,929.54
64	303	Redacted	31-Jan-07	10-Aug-07	21,869.92
66	305	Redacted	31-Jan-07	17-Aug-07	25,753.76
68	307	Redacted	31-Jan-07	16-Aug-07	21,869.92
70	309	Redacted	31-Jan-07	16-Aug-07	21,869.92
72	311	Redacted	31-Jan-07	13-Aug-07	22,929.92
73	312	Redacted	31-Jan-07	10-Aug-07	11,464.96
75	315	Redacted	31-Jan-07	13-Aug-07	21,869.20
76	316	Redacted	31-Jan-07	13-Aug-07	21,869.20
79	319	Redacted	31-Jan-07	21-Aug-07	22,929.92
80	320	Redacted	31-Jan-07	10-Aug-07	22,919.32
88	328	Redacted	31-Jan-07	21-Aug-07	24,691.64
89	329	Redacted	31-Jan-07	11-Aug-07	22,662.80

Legal Unit	Suite #	Purchaser Name	Date of Original Purchase Agreement (signed)	Date of Sublease Interest Agreement	Total Deposits Received
90	330	Redacted	31-Jan-07	10-Aug-07	22,662.80
98	406	Redacted	31-Jan-07	17-Aug-07	27,449.76
110	419	Redacted	31-Jan-07	16-Aug-07	22,000.00
114	423	Redacted	31-Jan-07	22-Aug-07	27,449.76
118	427	Redacted	31-Jan-07	16-Aug-07	23,555.32
123	432	Redacted	31-Jan-07	15-Aug-07	19,998.00
13	114	Redacted	26-Feb-07	12-Sep-07	5,040.96
14	115	Redacted	26-Feb-07	5-Sep-07	11,040.96
71	310	Redacted	26-Feb-07	10-Sep-07	25,039.32
81	321	Redacted	15-Mar-07	10-Aug-07	13,579.66
62	301	Redacted	23-Mar-07	27-Aug-07	26,205.32
78	318	Redacted	23-Mar-07	27-Aug-07	27,159.32
11	111	Redacted	20-Apr-07	13-Aug-07	26,321.92
20	121	Redacted	20-Apr-07	13-Aug-07	26,321.92
34	204	Redacted	23-Apr-07	10-Sep-07	24,274.00
2	102	Redacted	26-May-07	10-Sep-07	26,321.92
3	103	Redacted	27-May-07	11-Aug-07	27,381.92
1	101	Redacted	29-May-07	15-Aug-07	27,381.92
27	128	Redacted	29-May-07	15-Aug-07	29,563.40
46	217	Redacted	29-May-07	4-Sep-07	31,795.76

Legal Unit	Suite #	Purchaser Name	Date of Original Purchase Agreement (signed)	Date of Sublease Interest Agreement	Total Deposits Received
91	331	Redacted	29-May-07	15-Aug-07	29,849.60
94	402	Redacted	29-May-07	13-Aug-07	29,915.32
95	403	Redacted	29-May-07	13-Aug-07	29,915.32
103	411	Redacted	29-May-07	15-Aug-07	29,925.92
38	208	Redacted	30-May-07	17-Aug-07	24,274.00
53	224	Redacted	30-May-07	13-Aug-07	25,334.00
57	228	Redacted	30-May-07	13-Aug-07	30,082.80
119	428	Redacted	30-May-07	17-Aug-07	32,266.40
122	431	Redacted	30-May-07	15-Aug-07	29,478.60
55	226	Redacted	31-May-07	17-Aug-07	25,334.00
97	405	Redacted	31-May-07	15-Aug-07	32,749.76
109	418	Redacted	31-May-07	10-Aug-07	29,925.92
113	422	Redacted	31-May-07	17-Aug-07	33,809.76
120	429	Redacted	31-May-07	16-Aug-07	29,563.40
121	430	Redacted	31-May-07	16-Aug-07	29,563.40
104	412	Redacted	28-May-07	13-Aug-07	29,309.00
21	122	Redacted	3-Jun-07	10-Aug-07	31,213.76
Total Deposits Received					\$1,676,089.13

2. Depositors Who Signed Purchase Agreements

Legal Unit	Suite #	Purchaser Name	Date of Original Purchase Agreement (signed)	Date of Sublease Interest Agreement	Total Deposits Received
10	110	Redacted	1-Jan-07	Not Provided	22,467.88
41	211	Redacted	17-Jan-07	Not Provided	21,953.32
40	210	Redacted	25-Jan-07	Not Provided	10,000.00
42	212	Redacted	25-Jan-07	Not Provided	23,661.32
74	314	Redacted	27-Jan-07	Not Provided	22,929.92
105	414	Redacted	27-Jan-07	Not Provided	5,000.00
7	107	Redacted	31-Jan-07	Not Provided	21,438.75
29	130	Redacted	31-Jan-07	Not Provided	21,179.42
45	216	Redacted	31-Jan-07	Not Provided	21,953.32
49	220	Redacted	31-Jan-07	Not Provided	21,953.32
Total Deposits Received					\$192,537.25

3. Depositors with No Purchase Agreement or Sublease Agreement

Legal Unit	Suite #	Purchaser Name	Date of Original Purchase Agreement (signed)	Date of Sublease Interest Agreement	Total Deposits Received
4	104	Redacted	Not Provided	Not provided	23,744.00
Total Deposits Received					23,744.00