

COURT FILE NUMBER 1701-08853  
COURT QUEEN'S BENCH OF ALBERTA  
JUDICIAL CENTRE CALGARY  
PLAINTIFF PARAGON CAPITAL CORPORATION LTD.  
DEFENDANT STARKE DOMINION LTD.  
DOCUMENT **AFFIDAVIT**  
ADDRESS FOR SERVICE **Carscallen LLP**  
AND CONTACT INFORMATION 900, 332 – 6<sup>th</sup> Avenue S.W.  
OF PARTY FILING THIS Calgary, Alberta T2P 0B2  
DOCUMENT Telephone: (403) 262-3775  
Attention: Michael J. Whiting  
File No.: 27064.005

Clerk's Stamp

**AFFIDAVIT OF KEN FEDORETZ**

Sworn on February 6, 2018

I, KEN FEDORETZ, of Calgary, Alberta, SWEAR AS FOLLOWS:

1. I am the Vice President of Business Development at Paragon Capital Partners, formerly Paragon Capital Corporation Ltd., and Paragon Capital Corp. Inc. (collectively, "Paragon"), and as such I have personal knowledge of the facts and matters herein deposed to, except where stated to be based on information and belief, in which case I verily believe the same to be true.

**The Mortgage and Mortgage Amending Agreement**

2. By a Mortgage entered into pursuant to the *Land Titles Act* dated February 19, 2015, Starke Dominion Ltd. ("Starke") mortgaged to Paragon the following lands to secure payment of the sum of \$25,000,000.00 with interest at a rate of 0.4750% per month, calculated and compounded monthly (the "Mortgage"):

Dominion Place, 906-12<sup>th</sup> Avenue S.W., Calgary, Alberta

PLAN A1

BLOCK 74

LOTS 21 TO 34 INCLUSIVE

EXCEPTING THEREOUT THE ROAD WIDENING ON PLAN 8211695

EXCEPTING THEREOUT ALL MINES AND MINERALS

(the "Lands"). Now shown to me and marked as **Exhibit "A"** to this my Affidavit is a copy of the Mortgage.

3. By the terms of the Mortgage, Starke covenanted and agreed to, *inter alia*:
  - (a) pay to Paragon interest only payments in monthly installments of \$118,750.00, on the first day of each and every month, in each and every year, from and including April 1, 2015, through to and including March 1, 2017;
  - (b) pay to Paragon the balance of the principal owing and any applicable interest, costs, charges and expenses on March 1, 2017; and
  - (c) pay for all liens, taxes, rates, charges or encumbrances on the said Lands which may fall due or be unpaid, and also to insure any buildings on the said Lands against damage by fire, in default of all or any of which Paragon should have the right to do the same, and add to the said Mortgage all costs and expenses incurred by Paragon in that regard and in respect of any proceedings taken to realize the monies secured by the said Mortgage, including all costs and expenses, legal fees (on a solicitor and his own client full indemnity basis) and disbursements incurred.
4. On or about February 10, 2017, Paragon and Starke entered into an Extension Agreement, extending the term of the Mortgage (the "Extension Agreement"). Pursuant to the terms of the Extension Agreement, all indebtedness owed to Paragon was to be repaid by Starke to Paragon on or before March 1, 2018. Starke agreed to pay a renewal fee of \$375,000.00, which was capitalized and added to the principal sum of \$25,000,000.00, with an interest rate of 5.70% per annum on all outstanding indebtedness, compounded monthly. Further to the terms of the Extension Agreement, Starke agreed to pay to Paragon interest only payments in the amount of \$118,750.00 per month. Starke further agreed to at all times maintain minimum debt service coverage of 1.25X utilizing actual net operating income and actual mortgage payments. Now shown to me and marked as **Exhibit "B"** to this my Affidavit is a copy of the Extension Agreement.
5. As per the terms of the Extension Agreement, on April 21, 2017 a Mortgage Amending Agreement was registered against the Lands, which extended the maturity date of the Mortgage to March 1, 2018 (the "Mortgage Amending Agreement"). Now shown to me and marked as **Exhibit "C"** to this my Affidavit is a copy of the Mortgage Amending Agreement.
6. Concurrent with the registration of the Mortgage Amending Agreement, Paragon registered the Order of the Honourable Justice Mahoney pronounced on March 31, 2017, which ordered and declared that the following registrations on the Lands be postponed to and stand in priority behind the Mortgage and the Mortgage Amending Agreement, including all amounts owing thereunder (the "Order"):
  - (a) Registration No. 131 019 632;

- (b) Registration No. 131 046 054;
- (c) Registration No. 131 228 815;
- (d) Registration No. 131 269 927;
- (e) Registration No. 171 005 807;
- (f) Registration No. 171 005 808; and
- (g) Registration No. 171 025 934.

Now shown to me and marked as **Exhibit "D"** to this my Affidavit is a copy of the Order.

### **Mortgage Default**

7. Default has been made by Starke under the terms of the Mortgage and Mortgage Amending Agreement, and the other credit facilities, which defaults include, *inter alia*, the failure to maintain a minimum debt service coverage of 1.25X utilizing actual net operating income and actual mortgage payments, the failure to fully advise and report to Paragon with respect to tenants vacating the Lands, the failure to remit GST and other statutory remittances as and when required, and the failure to notify Paragon and to obtain the written permission of Paragon with respect to all subsequent encumbrances registered against title to the Lands.

### **Agreement to Forebear**

8. By an Agreement dated August 31, 2017, Paragon and Starke agreed that the indebtedness to Paragon as of August 8, 2017 was \$25,418,144.26, with per diem interest thereafter of \$3,965.07 and costs (the "Forbearance Agreement"). Further, the parties agreed, subject to certain terms and conditions set forth in the Forbearance Agreement, to extend and forbear enforcement of the Mortgage, as amended, until on or after March 1, 2018. A Consent Redemption Order was entered into by the parties, which was to be held unsigned and unfiled by Paragon unless and until Starke commits an event of default under the terms of the Forbearance Agreement. Now shown to me and marked as **Exhibit "E"** to this my Affidavit is a copy of the Forbearance Agreement.

### **Default of the Agreement to Forebear**

9. Starke defaulted under the terms of the Forbearance Agreement, the specifics of which include, but are not limited to a significant rise in Starke's account payables from the date of the Forbearance Agreement. In fact, as of December 1, 2017, Starke's payables over 90 days totalled \$148,960.98, including \$64,767.63 past due to Enmax Energy.
10. On October 17, 2017, Paragon notified Starke of its default under terms of the Forbearance Agreement, providing Starke with an opportunity to cure the default as

permitted under the Forbearance Agreement. Now shown to me and marked as **Exhibit "F"** to this my Affidavit is a copy of the notice of default issued to Starke.

11. Starke failed to cure its default of the Forbearance Agreement within the time permitted under the Forbearance Agreement, or at all. Accordingly, Paragon instructed its legal counsel to proceed to have the Consent Redemption Order signed and filed with the Court of Queen's Bench of Alberta.
12. In advance of appearing before the Court of Queen's Bench of Alberta to apply to have the Consent Redemption Order signed, I am advised by Paragon's legal counsel, Michael J. Whiting, that he provided written notice to Starke's legal counsel of the decision to appear before the Court of Queen's Bench of Alberta to have the Consent Redemption Order signed. Now shown to me and marked as **Exhibit "G"** to this my Affidavit is a copy of the correspondence issued by Mr. Whiting.

### **Consent Redemption Order**

13. I am advised by Mr. Whiting that on November 6, 2017, Master J.L. Mason granted the Consent Redemption Order on the condition that Paragon was not to take any enforcement steps with respect to the Consent Redemption Order until it provided all subsequent encumbrancers with a filed copy. Now shown to me and marked as **Exhibit "H"** to this my Affidavit is a filed copy of the Consent Redemption Order.
14. The Consent Redemption Order provides, *inter alia*, that:
  - (a) Starke or anyone else entitled to do so shall have until March 1, 2018 (the "Redemption Date") to repay the indebtedness, failing which the mortgaged lands shall be offered for sale in the manner described in the Judicial Listing Agreement;
  - (b) Subject to any further Order of the Court, the action is stayed until the Redemption Date; and
  - (c) The listing price shall be set at \$32,000,000 or such higher value as the listing agent may recommend.
15. I am advised by Mr. Whiting that all subsequent encumbrancers were served with the Consent Redemption Order.
16. On December 14, 2017, a further Order was granted by Master J.L. Mason to reduce the redemption period and the initial list price based on a compromise that was agreed to by the parties to avoid additional delays and costs that would occur if the application was adjourned to permit Starke or any subsequent encumbrancer to obtain an appraisal. The terms of the Consent Redemption Order were amended as follows:
  - (a) the Redemption Date defined in paragraph 5 of the Consent Redemption Order shall be changed from March 1, 2018 to February 1, 2018; and

- (b) the listing price for the Lands set forth in paragraph 3 of the Judicial Listing Agreement attached to the Consent Redemption Order shall be changed from \$32,000,000.00 to \$31,000,000.00.

Now shown to me and marked as **Exhibit "I"** to this my Affidavit is a copy of the December 14, 2017 Order.

### **Appointment of a Receiver Manager**

17. Pursuant to an order granted by the Honourable Justice Romaine on January 26, 2018, Alvarez & Marsal Canada Inc. ("AMC") was appointed to act as the Receiver Manager, without security, of the Lands and the undertaking, property and assets of Starke situated upon or relating to the Lands. Now shown to me and marked as **Exhibit "J"** to this my Affidavit is a copy of the January 26, 2018 Receiver Manager Order.

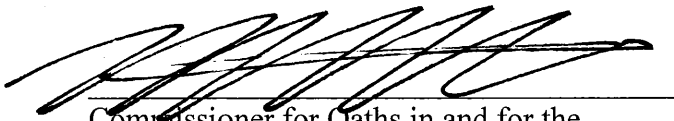
### **Current Indebtedness**

18. There is now justly and truly owing to the Paragon under and by virtue of the said Mortgage and Mortgage Amending Agreement the sum of \$25,563,305.20 as at February 1, 2018, plus further interest and costs thereafter (the "Indebtedness"). Now shown to me and marked as **Exhibit "K"** to this my Affidavit is a copy of the Statement of Account providing details of the Indebtedness.
19. In addition to the Indebtedness, pursuant to the terms of the Receiver Manager Order, the Receiver Manager is entitled to and has been granted a charge against the Lands, as security for its fees and disbursements, which forms a first charge on the Lands in priority to all security interests. I am advised by Orest Konowalchuk of AMC that as of February 2, 2018, the fees and disbursements of the Receiver Manager are \$25,362.50, plus GST.
20. AMC has prepared a draft 13 week cash flow forecast with respect to the Lands and the operation of the building. Based on the cash flow statement, it is forecasted that approximately \$650,000.00 will be collected in net rental receipts with total operating costs of approximately \$896,000.00 before interest on the receiver's borrowing and professional fees, leaving an operating cash flow deficiency of approximately \$246,000.00 by April 27, 2018. Interest on borrowings and professional fees (non operating disbursements) are forecast to be approximately \$105,000 over the 13 week forecast. Now shown to me and marked as **Exhibit "L"** to this my Affidavit is a copy of the draft 13 week forecast.
21. I am advised by Mr. Konowalchuk that to cover the forecast operating cash flow deficiency and non-operating disbursements, AMC will be required to borrow approximately \$310,000.00 under a Receiver's Certificate.

**Factors Necessitating a Final Order**

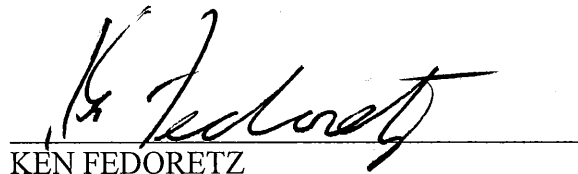
22. On November 21, 2017, Paragon obtained an appraisal prepared by Wernick Omura Inc., which sets the market value of the Lands at \$23,900,000.00 (the "Appraisal"). The Appraisal is attached as an exhibit to the Affidavit of Value filed in this action.
23. In late January 2018, I had several discussions with Gary B. Beres at CBRE Limited with respect to the listing of the Lands for sale, being the Judicial Listing relator chosen by the parties pursuant to the Consent Redemption Order. On January 31, 2018, Mr. Beres provided a valuation report for the Lands indicating a pricing to prospective purchasers of the Lands at the high end range of \$19,610,000.00. Mr. Beres indicated that he expects the Lands to sell in the middle of the value range at \$19,000,000.00. Now shown to me and marked as **Exhibit "M"** to this my Affidavit is a copy of correspondence received from Mr. Beres along with his report.
24. In addition to the pricing information provided by Mr. Beres at CBRE Limited, Paragon contacted Mr. Ron Fiell of Jones Lang Lasalle Commercial Real Estate ("JLL") to canvas information regarding the listing of the Lands for sale. Based on the Strategic Review report prepared by JLL and provided to Paragon on February 1, 2018, the anticipated selling price for the Lands would be in the \$18,300,000.00 to \$21,300,000.00 range. Now shown to me and marked as **Exhibit "N"** to this my Affidavit is a copy of the Strategic Review.

SWORN BEFORE ME at Calgary, Alberta, )  
this 8 day of February, 2018. )



Commissioner for Oaths in and for the  
Province of Alberta

**MICHAEL J. WHITING**  
**Barrister & Solicitor**



KEN FEDORETZ



# MORTGAGE

## THE LAND TITLES ACT

1. **Grant of Mortgage – STARKE DOMINION LTD.**, of 910, 906-12th Avenue SW, Calgary, Alberta T2R 1K7 (hereinafter called the Mortgagor) being registered as owner of an estate in fee simple in possession, subject, however, to such encumbrances, liens and interest as are notified by memorandum underwritten or endorsed hereon, of that piece of land situate in the Province of Alberta, Canada, described as set out and attached hereto as **Schedule "A"** which forms a part hereof (hereinafter such lands as described above together with improvements thereon being variously referred to as "the land", "the lands", "the said lands", the "premises" or "the mortgaged premises").

IN CONSIDERATION of the sum of **TWENTY-FIVE MILLION (\$25,000,000.00) DOLLARS** (the "loan" or the "Principal Sum"), lent to the Mortgagor by **PARAGON CAPITAL CORPORATION LTD.**, of #1200, 1015 - 4th Street S.W., Calgary, Alberta, T2R 1J4, (who and whose successors and assigns are hereinafter included in the expression, "the Mortgagee"), the receipt of which sum the Mortgagor does hereby acknowledge (the "loan"), **COVENANTS** with the Mortgagee as follows:-

2. **Repayment by Mortgagor** - The Mortgagor will pay to the Mortgagee without deduction or set off in lawful money of Canada the sum lent to the Mortgagor as aforesaid with interest thereon at the rate of **FOUR THOUSAND SEVEN HUNDRED AND FIFTY TEN THOUSANDTHS (0.4750%) PERCENT** per month, calculated and compounded monthly not in advance, as well after as before maturity of this Mortgage until paid, as follows:-

a) Interest at the aforesaid rate on the amounts from time to time advanced, computed from the respective dates of such advances, shall fall due and be paid on the **First** day of each and every month commencing with the month next following the month in which the first advance is made and continuing to and including the interest adjustment date, which date shall be the **First day of March, 2015**, unless postponed by the Mortgagee or advanced by mutual agreement in writing; and thereafter interest on the aforesaid sum at the aforesaid rate, computed from the interest adjustment date, shall become due and be paid by monthly instalments of **ONE HUNDRED EIGHTEEN THOUSAND SEVEN HUNDRED AND FIFTY (\$118,750.00) DOLLARS**, each (interest only) on the **First** day of each and every month in each and every year from and including the **First day of April, 2015** to and including the **First day of March, 2017**. Should the advance of the Principal Sum be delayed past the interest adjustment date (set out herein), then, at the sole discretion of the Mortgagee, the interest adjustment date and the expiry of the term shall be extended without the necessity of a formal amending agreement.

(b) In addition to the payment of interest as hereinbefore provided, the Mortgagor will pay to the Mortgagee interest as aforesaid in the manner aforesaid on the said Principal Sum or on so much thereof as shall from time to time remain unpaid at the

THIS IS EXHIBIT "A"  
referred to in the Affidavit of  
Ken Fedoretz  
Sworn before me this 8  
day of FEB. A.D. 20 15

[Signature]  
Commissioner for Oaths  
in and for the Province of Alberta

**MICHAEL J. WHITING**  
**Barrister & Solicitor**



rate aforesaid and all interest on becoming overdue shall be forthwith treated (as to payment of interest thereon) as principal (and be added to the Principal Sum) and shall bear compound interest at the rate aforesaid as well after as before maturity of this Mortgage, to be computed and compounded monthly not in advance, on the **First** day of each and every month in each year until paid. All such interest and compound interest shall be a charge on the said lands. In the event of non-payment of any of the monies hereby secured at the time herein set for payment thereof the Mortgagor will, so long as any part thereof remains unpaid, pay interest at the said rate on the same.

- (c) The balance of the Principal Sum shall become due and shall be paid on the **First day of March, 2017.**
  - (d) The Mortgagor acknowledges that this Mortgage contemplates payments of interest only during the term of this Mortgage or any renewals thereof, unless otherwise agreed to by the Mortgagee.
  - (e) At the option of the Mortgagee, interest so due and payable may be deducted from advances made from time to time hereunder, provided that the Mortgagee may in its sole discretion on notice to the Mortgagor at any time, require interest on any advance calculated from and including the date of disbursement to be due and paid forthwith.
  - (f) The Mortgagor agrees to pay to the Mortgagee and shall be responsible for the payment of all costs, expenses, legal fees (on a solicitor and his own client basis) and disbursements incurred or to be incurred by the Mortgagee pursuant to the negotiation, placement or enforcement of this Mortgage or in any way reasonably arising from the loan between the Mortgagor and the Mortgagee. The Mortgagor further agrees that any sums to be paid by the Mortgagor to Mortgagee as set out herein shall be treated as if it were a portion of the Principal Sum and interest at the rate set out herein shall also be paid by the Mortgagor on such sum calculated and compounded as set out herein.
3. **Readvance** - The Mortgagor acknowledges that in the future, the Mortgagee may wish to re-advance a portion of the face principal amount of this Mortgage which has previously been repaid by the Mortgagor, and accordingly, this Mortgage shall then be deemed to be a revolving line of credit mortgage within the meaning of, and shall take priority in accordance with, the provisions set forth in Section 104 of the Land Titles Act (Alberta). The decision to so re-advance shall be in the sole discretion of the Mortgagee and nothing herein shall obligate the Mortgagee to make any re-advances hereunder.

4. **Insurance** - The Mortgagor will insure the buildings on the said lands to the amount of not less than their full insurable value in lawful money of Canada and without in any way limiting or restricting the generality of the foregoing:

- (a) If a sprinkler system or a steam boiler or any other thing or apparatus generating steam or operated by steam shall be installed or operated on the mortgaged premises the Mortgagor shall insure the buildings on the said lands against loss or damage caused by such sprinkler system or by such boiler or other thing or apparatus or bursting or explosion thereof or defect therein to the full insurable value of such buildings;
- (b) The Mortgagor shall insure such buildings against loss or damage by fire, wind, storm, hail, lightning, explosion, riot, impact by aircraft or vehicles, smoke damage and such other risks and hazards as the Mortgagee may from time to time require;
- (c) The Mortgagee may require any insurance upon or in respect of such buildings to be cancelled and new insurance to be effected in a Company or Companies to be named by the Mortgagee and may without reference to the Mortgagor effect or maintain any insurance upon or in respect of such buildings at the cost of the Mortgagor;
- (d) Evidence satisfactory to the Mortgagee of the renewal of every policy of insurance shall be left with the Mortgagee at least seven (7) days before the termination thereof failing which the Mortgagee may provide therefor;
- (e) The Mortgagee shall have a lien for the Principal Sum and any amounts outstanding under this Mortgage on all insurance upon or in respect of such buildings whether effected pursuant to the foregoing covenants or not;
- (f) The Mortgagee may, if the Mortgagor neglects to place proper insurance as set out herein or pay the premiums, insure the buildings on the said lands and all monies expended by the Mortgagee with interest at the rate aforesaid computed from the times or times of advancing the same, shall be repaid by the Mortgagor on demand, and in the meantime, the amount of such payments will be added to the said Principal Sum hereby secured.
- (g) The Mortgagee may require that all monies payable under any insurance upon or in respect of such buildings be applied in payment of all or any of the monies payable hereunder whether or not then due and payable;
- (h) All policies of insurance upon or in respect of such buildings shall have loss payable to the Mortgagee and shall be subject to mortgage clauses in a form approved by the Mortgagee; and

- (i) The foregoing covenants and provisions as to insurance shall apply with respect to all buildings upon the said lands whether presently existing or erected hereafter.
  - (j) The Mortgagor agrees to furnish forthwith, on the happening of a loss by fire or other hazard or peril, and at the Mortgagor's expense, all the necessary proofs of loss and to do all the acts necessary to enable the Mortgagee to obtain payment of the insurance monies.
5. **Taxes** - Subject as hereinafter provided, the Mortgagor will pay when and as the same fall due all taxes, rates, liens, charges, encumbrances or claims which are or may be or become charges or claims against the mortgaged premises or on this Mortgage or on the Mortgagee in respect of this Mortgage; Provided that in respect of municipal taxes, school taxes, and local improvement rates (hereinafter referred to as "taxes") chargeable against the mortgaged premises:
- (a) The Mortgagee shall have the right to deduct from advances of the monies secured by this Mortgage an amount sufficient to pay the taxes which have become or will become due and payable as at the date of the first monthly payment and are unpaid at the date of such advances; or such proportion of the annual taxes, which when added to the accumulation of the monthly payments as set out in clause (b) would pay the annual taxes on the property.
  - (b) In addition to the monthly payment of interest the Mortgagor shall pay to the Mortgagee such monthly sum which, as estimated by the Mortgagee, when accumulated to the date of the monthly payment falling due more than ten days before the date after which a penalty is added for non-payment of such taxes, will pay the annual municipal taxes on the property. The Mortgagor shall also pay to the Mortgagee before the due date of the current annual taxes any additional sums that may be requisite in order that out of such monthly and additional payments the Mortgagee may pay the whole amount of the annual taxes at least ten days before the date after which a penalty is added for non-payment of the same. In no event, shall the Mortgagee be liable for any interest on any amount paid to it pursuant to this clause number 5, and the money so received, may be held by the Mortgagee with its own funds pending payment or application thereof as herein provided.
  - (c) The Mortgagee shall apply such deduction and payments on the taxes as they become due or at such earlier time as the Mortgagee deems fit so long as the Mortgagor is not in default under any covenant or agreement contained in this Mortgage, but nothing herein contained shall obligate the Mortgagee to apply such payments on account of taxes oftener than yearly. Provided, however, that if before any sum or sums so paid to the Mortgagee shall have been so applied there shall be default by the Mortgagor in respect of any payment of as herein provided, the Mortgagee may, at its option, apply such sum or sums in or towards payment of interest in default.

- (d) In default of the payment by the Mortgagor of monies for taxes as aforesaid, then the Mortgagee may pay such taxes and also any liens, charges, and encumbrances which may be charged against the said land and all monies expended by the Mortgagee for any such purposes shall be added to the Principal Sum hereby secured and shall bear the same rate of interest, from the date of advancement, as the Principal Sum and shall be repaid by the Mortgagor to the Mortgagee forthwith. An official receipt therefor, shall be conclusive evidence of such payment and of the validity of such taxes.
- (e) The Mortgagor covenants to transmit to the Mortgagee all assessment notices, tax notices and other documents affecting the imposition and payment of taxes against the land as soon as the same have been received by the Mortgagor and to obtain and deliver the same to the Mortgagee at least thirty days prior to the due date for the payment thereof.

6. **Fixtures** - All erections and improvements fixed or otherwise now on or hereafter put upon the said premises, including but without limiting the generality of the foregoing, all fences, heating, plumbing, air-conditioning, ventilating, lighting, and water heating equipment, cooking and refrigeration equipment, window blinds, storm windows, and storm doors, window screens and screen doors, and all apparatus and equipment appurtenant thereto are and shall, in addition to other fixtures thereon, be and become fixtures and form part of the realty and of the security and are included in the expression "the mortgaged premises", and that the Mortgagor will not commit or permit any act of waste thereon; and that the Mortgagor will at all times during the continuance of this security, the same repair, maintain, restore, amend, keep, make good, finish, add to and put in order; and in the event of any loss or rebuild, or reinstate the same within a time to be stated by the Mortgagee and to be stated in such notice; and upon the Mortgagor's failure so to repair, rebuild, or reinstate within such time such failure shall constitute a breach of covenant hereunder and thereupon the mortgage monies shall at the option of the Mortgagee become immediately due and payable, without any demand by the Mortgagee upon the Mortgagor provided that the Mortgagee may repair, rebuild or reinstate the mortgaged premises at the cost of the Mortgagor and charge all sums of money determined by the Mortgagee to be properly paid therefor, to the mortgage account. This provision shall be in addition to any statutory covenants implied in this Mortgage. The Mortgagor acknowledges and represents to the Mortgagee that the proceeds of this Mortgage are not for the purpose of acquiring personal property or any interest therein and in addition, the Mortgagor waives Section 105 of the Land Titles Act (Alberta).

7. **Completion of Outstanding Work** - If any building or buildings now or hereafter in course of construction on the said lands remain unfinished and without any work being done on them for a period in excess of ten consecutive days, the Mortgagee may enter upon the mortgaged premises and do all work necessary to protect the same for deterioration and to complete the buildings so remaining unfinished in such manner as the Mortgagee may deem

fit and all monies thereby expended by the Mortgagee shall be payable forthwith by the Mortgagor.

8. **Mortgagee's Remedies Upon Mortgagor's Default** - THE MORTGAGOR FURTHER COVENANTS AND AGREES WITH THE MORTGAGEE THAT in the event of default being made in any of the covenants, agreements, provisos, or stipulations expressed or implied herein:

- (a) The Mortgagee may, at the Mortgagor's expense and when and to such extent as the Mortgagee deems advisable, observe and perform or cause to be observed and performed such covenant, agreement, proviso or stipulation.
- (b) The Mortgagee may send or employ an inspector or agent to inspect and report upon the value, state and condition of the mortgaged premises and a solicitor to examine and report upon the title to the same.
- (c) The Mortgagee or agent of the Mortgagee may enter into possession of the mortgaged premises and whether in or out of possession collect the rents and profits thereof, and make any demise or lease of the said premises, or any part thereof, for such terms and periods and at such rents as the Mortgagee shall think proper; and the power of sale hereunder may be exercised either before or after and subject to any such demise or lease.
- (d) That if the Mortgagee exercises any of his rights hereunder or goes into possession of the said lands or any part thereof for any purpose under the powers conferred upon him by this Mortgage, or by law, he shall not be deemed to be a Mortgagee in possession nor responsible in any way for anything other than monies actually received by him.
- (e) It shall and may be lawful for and the Mortgagor does hereby grant full power, right and licence to the Mortgagee to enter, seize, and distrain upon the mortgaged premises, or any part thereof, and by distress warrant to recover by way of rent reserved as in the case of demise of the premises, as much of the mortgage monies as shall from time to time be or remain in arrears and unpaid, together with all costs, charges and expenses attending such levy or distress, as in like cases of distress for rent, and as part of the consideration for any advance of the Principal Sum, the Mortgagor agrees to waive, and hereby waives, on the exercise of any such right of distress, all rights to exemptions from seizure and distress under any statute of the Province of Alberta.
- (f) The Mortgagee may sell and dispose of the mortgaged premises with or without entering into possession of the same and with or without notice to the Mortgagor or any party interested in the mortgaged premises; and all remedies competent may be

resorted to; and all the rights, powers and privileges granted to or conferred upon the Mortgagee under and by virtue of any statute or by this Mortgage may be exercised; and any notice may be effectually given by leaving the same with an adult person on the mortgaged premises if occupied, or by placing the same thereon, or on any part thereon, or on any part thereof, if unoccupied, or at the option of the Mortgagee by publishing the same in some newspaper published in the Province of Alberta; and such notice shall be sufficient though not otherwise addressed than "To whom it may concern"; and no want of notice or publication or any other defect, impropriety or irregularity shall invalidate any sale made or purporting to be made of the mortgaged premises hereunder, but the Vendor alone shall be responsible; and the Mortgagee may sell, transfer and convey any part of the mortgaged premises on such terms of credit or part cash and part credit, secured by contract or agreement for sale or mortgage, or otherwise, as shall appear to the Mortgagee most advantageous and for such prices as can reasonably be obtained therefor; and in the event of a sale on credit or for part cash and part credit, whether by way of contract for sale or by conveyance or transfer and mortgage, the Mortgagee is not to be accountable for or charged with any monies until the same shall be actually received in cash; and sales may be made from time to time of parts of the mortgaged premises to satisfy interest or parts of the principal overdue, leaving the principal or parts thereof to run with interest payable as aforesaid; and the Mortgagee may make any stipulations as to title or evidences or commencement of title or otherwise as the Mortgagee shall deem proper, and may buy in or rescind or vary any contract for sale; and on any sale or resale, the Mortgagee shall not be answerable for loss occasioned thereby; and for any such purposes the mortgagee may make and execute all agreement and assurances that the Mortgagee shall deem advisable or necessary.

- (g) The whole of the monies secured by this Mortgage shall, at the option of the Mortgagee, become due and payable.
- (h) The Mortgagee may, by instrument or instruments in writing, or by order of a court of law, appoint any person to be a Receiver (which term shall include a Receiver and Manager) of all or part of the mortgaged premises, including any rights and profits thereof, and may remove any Receiver and appoint another in his stead, and such Receiver so appointed shall have power to take possession of the property and assets mortgaged hereunder and to carry on and be in charge of any further construction or completion of the property secured hereunder and to sell, mortgage or concur in selling or mortgaging of all or any of the mortgaged premises and to lease or rent any or all of the mortgaged premises and to collect such rents and apply same against the indebtedness due to the Mortgagee hereunder, to take such proceedings which the Receiver may deem necessary or desirable in the name of the Mortgagor, or otherwise, provided that nothing herein shall constitute the Mortgagee herein a Mortgagee in possession or an "Owner" within the meaning of the Builders' Lien Act of Alberta or otherwise. The rights and powers conferred by this section are in addition to and not in substitution for any right of the Mortgagee herein, and for all

purposes and power of the Receiver, the Receiver shall have and every Receiver may in the discretion of the Mortgagee be vested with all or any of the rights and powers of the Mortgagee. Any such Receiver shall, for all purposes, be deemed the agent of the Mortgagor (or an officer of the court, if appointed or approved by Court Order) and not the agent of the Mortgagee, and the Mortgagee shall not in any way be responsible for any misconduct, negligence or nonfeasance on the part of such Receiver. The Mortgagee may from time to time fix the remuneration of such Receiver and direct the payment thereof out of the proceeds received with respect to the property secured hereunder, and all such remuneration and any and all reasonable costs of any Receiver shall be added to the debt hereby secured and shall bear interest at the rate provided for in this Mortgage to be paid. Any such Receiver may be vested with all or any of the powers and discretions of the Mortgagee, and except as otherwise may be directed by the Mortgagee, all the money from time to time received by the Receiver shall be held in trust for and paid over to the Mortgagee. The Mortgagee, in appointing or refraining from appointing of such Receiver, shall not incur any liability to the Receiver, or to the Mortgagor;

- (i) The Mortgagor further covenants and agrees that if the Mortgagee shall by any means (whether by purchase or by final order for foreclosure, transfer or otherwise howsoever) become registered as owner of the mortgaged premises, the Mortgagee shall not be liable or responsible for or in respect of any personal covenants contained in any Mortgage or encumbrances or other instrument having priority over this Mortgage; and the implied covenants set out in Section 58 of the Land Titles Act (Alberta) shall not apply to, and are negatived hereby so as not to impose any liability or responsibility upon the Mortgagee; and
- (j) The Mortgagee may exercise each or any of the foregoing powers and remedies and may do so without notice to the Mortgagor.

9. **Acceleration** - The Mortgagor agrees, that if default shall be made in payment of interest or the Principal Sum (when due) or any other monies hereby secured or any part thereof or in the performance of any of the covenants, provisos, agreements and stipulations herein expressed or implied, or if the said lands or any part thereof are expropriated, or if the Mortgagor should become bankrupt or insolvent or should be subject to the provisions of the Bankruptcy and Insolvency Act, Winding-Up Act or any other Act for the benefit of creditors or go into liquidation either voluntarily or under an order of a Court of competent jurisdiction, or make a general assignment for the benefit of creditors or otherwise acknowledges its insolvency, then in any such case the whole monies hereby secured shall at the option of the Mortgagee become due and payable in like manner and to all intents and purposes as if the time or times herein mentioned for payment thereof had come and expired; PROVIDED that no notice of the exercise of such option need be given to the Mortgagor and nothing shall be implied from the course of dealing between Mortgagee and the Mortgagor to annul this provision.

10. **Mortgagor's Covenants - THE MORTGAGOR ALSO COVENANTS AND AGREES WITH THE MORTGAGEE THAT:**

- (a) The taking of a judgment or judgments under any of the covenants contained in this Mortgage shall not operate as a merger of said covenants or of the Mortgagee's security by way of a charge against the said lands or affect the Mortgagee's right to interest at the above rate and times on any monies due or owing to the Mortgagee under the said covenants or any of them it being distinctly understood and agreed that the said rate of interest shall be payable on the amount of any judgment taken thereon.
- (b) The Mortgagee may at all times release any part or parts of the said lands or any other security or any surety for payment of all or any part of the monies hereby secured or may release the Mortgagor or any other person from any covenant or other liability to pay the said monies or any part thereof, either with or without any consideration therefor, and without being accountable for the value thereof or for any monies except those actually received by the Mortgagee, and without thereby releasing any other part of the said lands, or any other securities or covenants herein contained, it being especially agreed that notwithstanding any such release the lands, securities and covenants remaining unreleased shall stand charged with the whole of the monies hereby secured.
- (c) Neither the preparation nor the execution nor registration nor acceptance of this Mortgage, nor the advance of part of the monies secured hereby, shall bind the Mortgagee to advance the said Principal Sum or any unadvanced portion thereof, but nevertheless this Mortgage shall take effect forthwith on the execution of these presents, and if the Principal Sum or any part thereof shall not be advanced at the date hereof, the Mortgagee may advance the same in one or more sums to or on behalf of the Mortgagor at any future date or dates and the amount of such advances when so made shall be secured hereby and repayable with interest as herein provided.
- (d) No extension of time given by the Mortgagee to the Mortgagor, or any one claiming under him, shall in any way effect or prejudice the rights of the Mortgagee against the Mortgagor or any other person liable for payment of the monies hereby secured.
- (e) No waiver by the Mortgagee of the performance of any covenant, proviso, condition or agreement herein contained or implied shall take effect or be binding on the Mortgagee unless the same be expressed in writing by the Mortgagee or his duly authorized agent and such waiver shall not abrogate such covenant, proviso, condition or agreement or be a waiver of any subsequent breach of the same.



- (f) For the better securing to the Mortgagee the payment of all monies secured by this Mortgage, the Mortgagor hereby gives, grants, assigns, transfers and sets over unto the Mortgagee all leases and/or agreements which affect the lands or any part thereof whether written, verbal or otherwise howsoever, including all renewals or extensions thereof, together with all rents and other monies payable thereunder and all rights, benefits, and advantages to be derived therefrom; Provided that nothing done in pursuance hereof shall have or be deemed to have the effect of making the Mortgagee a mortgagee in possession or responsible for the collection of rent, or any part thereof, or any income or revenue whatsoever of and from the lands, or for the performance or observance of any covenants, terms or conditions contained in such lease or other agreement.
- (g) Should in the opinion of the Mortgagee the said lands or any part thereof not be in a proper state of repair he may serve notice upon the Mortgagor to make such repairs or replacements as the Mortgagee deems proper within a time limited by such notice and in the event of the Mortgagor's failure to comply with such requisition such failure shall constitute a breach of covenant hereunder and in any event the Mortgagee or his agents, employees or contractors may enter upon the said lands and proceed to repair as provided in this Mortgage and shall have all the remedies set forth therein.
- (h) The Mortgagor will not rent or otherwise part with possession of the said lands or any part thereof nor will the Mortgagor further encumber the lands, without the prior written consent of the Mortgagee, provided that any such consent shall not affect the priority of this Mortgage or the rights of the Mortgagee hereunder.
- (i) All solicitor's, inspector's, valuator's, and surveyor's fees and expenses for drawing and registering this Mortgage and for examining the mortgaged premises and the title thereto, and for making or maintaining this Mortgage in its original position as a charge on the Mortgaged premises, together with all sums which the Mortgagee may and does from time to time advance, expend or incur hereunder as principal, insurance premiums, taxes or rates, or in or toward payment for prior liens, charges, encumbrances or claims charged or to be charged against the mortgaged premises or on this Mortgage or on the Mortgagee in respect of this Mortgage, and in maintaining, repairing, restoring, or completing, the mortgaged premises, and in inspecting, leasing, managing, or improving the mortgaged premises, including the price or value of any goods of any sort or description supplied to be used on the mortgaged premises, and in exercising or enforcing or attempting to enforce or in pursuance of any right, power, remedy, or purpose hereunder or subsisting, and legal costs and all solicitor's charges or commission for or in respect of the collection of any overdue instalments or any other monies whatsoever payable by the mortgagor hereunder as between solicitor and his own client (on an indemnity basis), and an allowance for the time, work and expenses of the Mortgagee, or of any agent, solicitor or employee of the Mortgagee, for any purpose herein provided for and

whether such sums are advanced or incurred with the knowledge, consent, concurrence or acquiescence of the Mortgagor or otherwise, or for any payment or action made or taken by the Mortgagee to protect its rights or priority including, but not limited to, the payment to or advance to a prior encumbrancer or mortgagee are to be secured hereby and shall be a charge on the mortgaged premises, together with interest thereon at the said rate, and all such monies shall be repayable to the Mortgagee on demand, or if not demanded then with the next ensuing instalment, except as herein otherwise provided, and all such sums together with interest thereon are included in the expression "the mortgage monies".

- (j) In the event of the mortgage monies advanced hereunder, or any part thereof, being applied to the payment of any charge or encumbrance, the Mortgagee shall be subrogated to all the rights of and stand in the position of and be entitled to all the equities of the party so paid whether such charge or encumbrance has or has not been discharged; and the decision of the Mortgagee as to the validity or amount of any advance or disbursement made under this Mortgage or of any claim so paid, shall be final and binding on the Mortgagor.
- (k) The Mortgagee shall not be charged with any monies receivable or collectible out of the mortgaged premises or otherwise, except those actually received; and all revenue of the said premises received or collected by the Mortgagee from any source other than payment by the Mortgagor may, at the option of the Mortgagee, be used in maintaining or insuring or improving the mortgaged premises, or in payment of taxes or other charges against the mortgaged premises, or applied on the mortgage account.
- (l) The Mortgagor shall not make, or permit to be made, any alterations, improvements, additions or reductions to the mortgaged premises without the consent of the Mortgagee, nor will the Mortgagor commit or permit any act of work upon the said lands or any portion thereof or to do or permit to be done any act which may impair the value thereof.
- (m) The Mortgagee or agent of the Mortgagee may, at any time, enter upon the said lands to inspect the lands and buildings thereon.
- (n) The Mortgagor will deliver to the Mortgagee as and when required, in such form as the Mortgagee may reasonably require, pre-authorized cheque forms or postdated cheques duly executed by the Mortgagor, to facilitate the handling of monthly payment instalments provided for under this Mortgage.
- (o) The Mortgagor agrees to abide by and adhere to all environmental laws and regulations applicable to the said lands and will promptly advise the Mortgagee of any environmental compliance orders issued concerning the said lands and will take such action as is required to comply with these orders. The Mortgagor will indemnify the Mortgagee from all environmental clean-up costs or damages incurred

by the Mortgagee or its agents and the Mortgagor shall pay the cost of any environmental audit required by the Mortgagee, acting reasonably, during the term of this Mortgage, any renewal thereof, or until the Principal Sum and other amounts outstanding under this Mortgage have been repaid.

- (p) The Mortgagor hereby waives any right of repayment he may have or acquire pursuant to section 10 of the Interest Act of Canada and/or any similar federal or provincial legislation providing for the payment of the principal and accrued interest secured by this Mortgage prior to or otherwise than in accordance with the terms regarding the payment of principal and interest herein contained and covenants and agrees to be bound by and to observe such terms notwithstanding any statutory right of prepayment which now exists or which may hereafter exist. In addition, and without limiting the generality of the foregoing whatsoever, the date of this Mortgage for the purpose of the said sections shall be deemed to be the date for adjustment of interest as hereinbefore defined.
- (q) The Mortgagor will grant, transfer, assign and set over unto the Mortgagee such leases and subleases of the said lands and premises or part thereof as may be entered into from time to time between the Mortgagor as Lessor and a third party or third parties as Lessee, and as may be required by the Mortgagee, and all rents thereunder and all rights of the Mortgagor therein as may be required by the Mortgagee, including any guarantees thereof, as further and additional security for payment of all moneys payable hereunder; and for that purpose agrees and undertakes, upon request by the Mortgagee, to forthwith execute and complete such grant, transfer and assignment on such terms, conditions and covenants as the Mortgagee should require.
- (r) All monies whether principal, interest or other monies payable to the Mortgagee under the terms of this Mortgage shall be payable, in lawful money of Canada, to the Mortgagee in the City of Calgary, in the Province of Alberta, or such other place as may be designated by the Mortgagee.
- (s) Any discretion, option, decision or opinion hereunder on the part of the Mortgagee shall be sufficiently exercised or formed if exercised or formed by or subsequently ratified by the Mortgagee or any officer or agent appointed by the Mortgagee for such purpose.
- (t) Wherever the singular number or the masculine gender is used in this Mortgage the same shall be construed as including the plural and feminine and neuter respectively where the fact or context so requires; and in any case where this Mortgage is executed by more than one party all covenants and agreements herein contained shall be construed and taken as against such executing parties as joint and several; and the heirs, executors, administrators, successors and assigns of any party executing this Mortgage are jointly and severally bound by the covenants, agreements stipulations

and provisos herein contained; and the covenants, agreements, stipulations and provisos herein stated shall be in addition to those granted or implied by statute.

11. **Mortgagor's Covenants - THE MORTGAGOR FURTHER COVENANTS AND AGREES WITH THE MORTGAGEE THAT THE MORTGAGOR:**

- (a) has a good title to the said land;
- (b) has the right to mortgage the said land;
- (c) and that on default the Mortgagee shall have quiet possession of the said land, free from all encumbrances;
- (d) will execute such further assurance of the said land as may be requisite;
- (e) has done no act to encumber the said land other than as disclosed on title.

12. **Corporate Covenants (if applicable) - The Mortgagor further covenants, warrants and represents to the Mortgagee that:**

- (a) the Mortgagor is a corporation duly organized, validly existing and in good standing under the laws of the Province of Alberta and duly registered extra-provincially to carry on business under the laws of the Province of Alberta and has all corporate powers necessary for the borrowing of money, the execution and delivery of this mortgage and all documents collateral hereto, the owning and leasing of the mortgaged property and for the carrying out of the transactions herein contemplated;
- (b) the Mortgagor is duly authorized, qualified and licensed under all applicable laws, regulations, ordinances and orders of public authorities to carry on the business of owning and leasing the mortgaged property;
- (c) all necessary proceedings have been taken to authorize the execution, delivery and performance of this mortgage and all documents collateral hereto, and the consummation of the transactions contemplated in this mortgage and all documents collateral hereto;
- (d) the Mortgagor is not in any material respect in default under, or in violation of, any provision of its Articles or By-laws, any applicable law, decree, order, rule or regulation, any indenture, agreement, lease, deed of trust, mortgage, bond or other evidence of indebtedness or other instrument by which it is bound;
- (e) the Mortgagor is not insolvent, bankrupt or proceeding with a winding-up whether voluntary or involuntary; and

- (f) the Mortgagor will at all times promptly observe, perform, execute and comply with the terms of the Lease, and all applicable laws, rules, requirements, orders, directions, bylaws, ordinances, work orders and regulations of every governmental authority and agency whether federal, provincial, municipal, or otherwise, including, without limiting the generality of the foregoing, those dealing with zoning, use, occupancy, subdivision, parking, historical designations, fire, access, loading facilities, landscaped area, pollution of the environment, toxic materials or other environmental hazards, building construction, public health and safety, and all private covenants and restrictions affecting the mortgaged property or any portion thereof and the Mortgagor will from time to time, upon request of the Mortgagee, provide to the Mortgagee evidence of such observance and compliance, and will at its own expense make any and all improvements thereon or alterations to the mortgaged property structural or otherwise and will take all such other action as may be required at any time by any such present or future law, rule, requirement, order, direction, by-law, ordinance, work order or regulation.

13. **Tenancy** - For better securing the punctual payment of the said mortgage monies the Mortgagor hereby attorns and becomes tenant to the Mortgagee of the Mortgaged premises at a monthly rental equivalent to the monthly instalments secured hereby, the same to be paid on each day appointed for the payment of instalments; and if any judgment, execution or attachment shall be issued against any of the goods or lands of the Mortgagor or if the Mortgagor shall become insolvent or bankrupt or commit an act of bankruptcy within the meaning of the Bankruptcy Act or shall take the benefit of any statute relating to bankruptcy or insolvent debtors then such rental shall, if not already payable, be payable immediately thereafter. The legal relation of landlord and tenant is hereby constituted between the Mortgagee and the Mortgagor, but neither this clause nor anything done by virtue thereof, shall render the Mortgagee a mortgagee in possession or accountable for monies except those actually received. The Mortgagee may at any time after default hereunder enter upon the mortgaged premises, or any part thereof, and determine the tenancy hereby created without giving the Mortgagor any notice to quit.
14. **Discharge Documents** - On (a) payment of all monies and performance of all obligations secured hereby, and (b) at the option of the Mortgagee, the delivery to the Mortgagee of a current Canada Revenue Agency clearance certificate or other evidence satisfactory to the Mortgagee, in each case indicating that the Mortgagor is in good stand with the Canada Revenue Agency with respect to all tax filings and remittances and that no amounts are owing by the Mortgagor to Canada Revenue Agency, the Mortgagee will at the request in writing of the Mortgagor execute and deliver to the Mortgagor such releases and discharge or other instruments as may be required to discharge the charges hereby created. The Mortgagee shall have a reasonable time after payment of the mortgage monies in full within which to prepare and execute a discharge of this Mortgage; and interest as aforesaid shall continue to run and accrue until actual payment in full has been received by the Mortgagee;

and all legal and other expenses for the preparation and execution of such discharge shall be borne by the Mortgagor. A tender of the mortgage monies shall not entitle the Mortgagor to receive such discharge, and interest as aforesaid shall continue to run and accrue until actual payment in full has been received by the Mortgagee, and all legal and other expenses for the preparation and execution of such discharge shall be borne by the Mortgagor. Any payment that is received after 12:00 Noon on any date shall be deemed for the purpose of calculation of interest to have been made and received on the next bank business day.

15. **Charging - For the better securing to the Mortgagee the repayment in the manner aforesaid of the Principal Sum and interest and other monies hereby secured, the Mortgagor, does hereby mortgage and charge to the Mortgagee all its estate and interest in the land described in Schedule "A" hereto.**
  
16. **Expropriation -** Without limiting any of the provisions of this Mortgage in respect to expropriation, condemnation or other public taking of lands, in the event that any portion of the lands or premises hereby mortgaged shall be purchased, acquired by agreement or otherwise taken for any public work whatsoever pursuant to the Municipal Government Act of Alberta or the Public Works Act of Alberta or any other statute or regulation by any body or corporation clothed with the powers of expropriation, then and in such event:
  - (a) Any and all consideration or compensation whatsoever payable to the Mortgagor or anyone claiming an interest under or through the Mortgagor shall be payable to and shall be paid to the Mortgagee and the same are hereby assigned irrevocably to the Mortgagee accordingly, and further any such compensation paid to or to the order of or received by the Mortgagor shall be and be deemed to be held in trust for the Mortgagee; and
  
  - (b) At the Mortgagee's sole option the amount of the Principal Sum hereby secured remaining unpaid and any and all the other amounts outstanding under this Mortgage shall forthwith become due and payable, together with interest thereon at the said rate to the date of payment and together with a bonus equal to a sum of three months' interest at the said rate, calculated on the amount of Principal Sum so remaining unpaid.
  
  - (c) The Mortgagor acknowledges that it is aware of the provisions of Sections 49 and 52 of the Expropriation Act, Alberta, dealing with the situation where, in case of expropriation of lands subject to a security interest, the amount owing to the security holder is greater than the market value of the security holder's interest in the expropriated land, and hereby waives the benefit of such provisions or any legislation similar thereto or in replacement thereof and in addition the Mortgagor covenants to pay to the Mortgagee the balance between the moneys owing to the Mortgagee pursuant to this Mortgage and the moneys paid by the expropriating authority to the Mortgagee.

- (d) Any moneys awarded by an order of the Surface Rights Board with respect to all or any part of the said lands to the extent of the full amount of the indebtedness upon this Mortgage and obligations secured hereby remaining unpaid are herewith assigned by the Mortgagor and shall be paid forthwith to the Mortgagee, its successors and assigns.
17. **Compliance with Laws** - IT IS UNDERSTOOD AND INTENDED that this Mortgage is made with reference to and under The Land Titles Act of the Province of Alberta and the Mortgagor agrees that this Mortgage is in compliance with the terms and requirements of the Interest Act (Canada) and the Fair Trading Act (Alberta), as amended and the regulations thereunder.
18. **Application of Principal Payments** - Should the Mortgagee agree, whether in this document or otherwise, to allow the Mortgagor to make a payment of principal to reduce the Principal Sum outstanding, the Mortgagor agrees and acknowledges that such payment shall be treated as a payment separate and apart from any payment of interest and shall not be deemed to be a blended payment of principal or interest (for any reason), even if such principal payment is received at the same time as or within the same payment as one of interest. Furthermore, the Mortgagor agrees and acknowledges that should a portion of the Principal Sum outstanding be repaid (with the consent of the Mortgagee), then the Mortgagee may require the Mortgagor to reduce the monthly payments to an amount equal to the repayment of interest only. However, neither the Mortgagee's failure to request same nor the Mortgagee's acceptance of funds in excess of the interest payment shall be, nor shall it be deemed to be, a blended payment of principal and interest; such a payment shall again be treated as separate payments of principal and of interest (no matter how or when received).
19. **Amendment of Provisions** - PROVIDED ALWAYS and the same is hereby reserved and agreed that the terms of this Mortgage, including but not restricted to the terms of repayment of and the rate of interest payable under this Mortgage, the term of this Mortgage and payment amounts, may be varied, extended, increased or decreased, or otherwise amended as the Mortgagee and the then registered owner(s) of the said lands may determine and agree in writing, from time to time and whether before, as at, or after the then maturity date of this Mortgage, and all of the same without prejudice to the rights of the Mortgagee against either the initial Mortgagor hereunder or any person(s) liable for the payment of the monies secured by this Mortgage; further any alteration aforesaid may but need not be registered against the said lands and whether or not so registered, this Mortgage, as so altered, shall rank in priority to any and all interests registered against said lands subsequent to the registration of this immediate Mortgage document as if and to the extent that said alteration had been registered before the registration of any of said subsequent interests.

Notwithstanding other terms herein, in the event that the Mortgagee shall agree to renew or extend the term of this Mortgage, such renewal or extension (and the rate of interest, term,

instalment and other stipulations of such renewal or extension) shall be binding upon the Mortgagor, the then registered owner(s) of the lands, its successors in title and assigns, and all subsequent Mortgages, encumbrances and other interests in or of the said lands (subsequent to this Mortgage and together hereinafter called "Subsequent Encumbrances") and shall take full priority over all Subsequent Encumbrances, whether or not the said renewal or extension is filed or recorded by caveat at the applicable Land Titles Office and whether or not the rate of interest payable or payment amortization period applicable during the renewal or extension term is greater than or less than the rate of amortization stipulated in this Mortgage. The Mortgagor shall, forthwith on request therefor by the Mortgagee, provide to the Mortgagee, at the Mortgagor's expense, all such postponements and other assurances as the Mortgagee may require to ensure the foregoing binding effect and priority. All renewals (if any) shall be done at Mortgagor's expense (including without limitation payment of Mortgagee's legal expenses on a solicitor-and-his own-client basis). No such renewal, even if made by a successor in title to the Mortgagor named herein, shall in any way release or abrogate or render unenforceable the covenants or obligations of the Mortgagor named herein, which shall continue notwithstanding such renewal.

20. **Interest Reduced** - Notwithstanding the provisions of this Mortgage, in no event shall the aggregate "interest" (as that term is defined in Section 347 of the Criminal Code (Canada) as amended) exceed the rate of interest equal to 1/100th of one (1) per cent (0.01%) less than the effective annual rate of interest on the "credit advanced" (as defined therein) lawfully permitted under that section. The effective annual rate of interest shall be determined in accordance with generally accepted actuarial practices and principles over the term of the Credit and in the event of a dispute, a certificate of a Fellow of the Canadian Institute of Actuaries appointed by the Mortgagee will be conclusive for the purposes of such determination. If the effective annual rate of interest, calculated in accordance with generally accepted actuarial practices and principles, would exceed 59.99%, or such other rate equal to 1/100th of 1 per cent (0.01%) less than the rate the Parliament of Canada may deem from time to time as the criminal rate, on the credit advanced, then:
  - (a) the amount of any fees, bonuses, commissions or like charges payable in connection therewith, as designated by the Mortgagee, will be reduced to the extent necessary to eliminate such excess;
  - (b) any remaining excess that has been paid will be credited towards prepayment of the Principal Sum; and
  - (c) any overpayment that may remain after such crediting will be returned forthwith upon demand.
21. **Extensions** - No extension of time given by the Mortgagee to the Mortgagor, or anyone claiming under him, or any other dealing by the Mortgagee with the owner of said lands, or any other person or individual, shall in any way affect or prejudice the rights of the



Mortgagee against the Mortgagor or any other person liable for the payment of the moneys hereby secured.

22. **Payment by mail** - In the event that any of the moneys secured by this Mortgage are forwarded to the Mortgagee by mail, payment will not be deemed to have been made until the Mortgagee has actually received such moneys, and the Mortgagor shall assume and be responsible for all risk of loss or delay.
23. **Partial Discharge Provision** – *[deleted intentionally]*
24. **Administration Fees** –
  - a) The Mortgagor shall provide the Mortgagee in advance with the Mortgagee's choice of post-dated cheques or a properly signed and completed Pre-Authorized Payment Form, to cover all payments due hereunder. In the event any post-dated cheque or automatic payment is returned to the Mortgagee as non-negotiable after being presented for payment, or in the event of a delay in presentation of a post-dated cheque for payment, which delay is the fault of the Mortgagor, the Mortgagor shall, in addition to any accrued interest, pay for each such non-payment the sum of \$200.00;
  - b) The Mortgagor shall pay to the Mortgagee a working fee for all internal costs, administrative or otherwise, for each occasion where the Mortgagee or any affiliate performs work in connection with the Loan from the time of default or when the Loan requires special attention outside the normal administration of a mortgage loan in good standing, all at the rate of \$300.00 per hour; and
  - c) The Mortgagor agrees and acknowledges that all such payments as set out in subparagraphs a) and b) inclusive are as a genuine pre-estimation of the liquidated damages suffered by the Mortgagee and not as a penalty due to increased administration costs, and such sums shall be added to the Principal Sum outstanding, charge on the Land and bear interest at the interest rate set out herein.
25. **No Transfer - Due on Sale** - AND IT IS FURTHER AGREED THAT the entire Principal Sum and all other sums outstanding under this Mortgage including, but not limited to, accrued interest may, at the option of the Mortgagee, become due and payable in the event the Mortgagor:
  - a) sells, conveys, transfers or enters into any agreement or sale or transfer of the lands or any part thereof or otherwise parts with possession of the lands or any part thereof to a purchaser, grantee or transferee without the prior written approval of the Mortgagee

(save and except the rights of partial discharge or substitution of properties set out herein (if any); or

- b) issues and sells, or permits the assignment or transfer by any means, including a transfer or deemed transfer by operation of law, of all or any part of the Mortgagor's capital stock resulting in a change in the majority interest holder of the Mortgagor unless the Mortgagee has given its prior written approval to the transaction or series of transactions resulting in the change of control.

26. **Renewal** – *[deleted intentionally]*
27. **Prepayment Rights** - IT IS FURTHER AGREED THAT provided the loan secured by this Mortgage has not been in default, the Mortgagor shall have the privilege of prepaying without notice or bonus the whole of the Principal Sum hereby secured so long as the Mortgagee has received the sum of SEVEN HUNDRED AND TWELVE THOUSAND FIVE HUNDRED (\$712,500.00) DOLLARS in interest payments, as required to be paid pursuant to Section 2 herein (the "Required Interest") from the interest adjustment date or receives a sum equivalent to the difference between the interest actually paid from the interest adjustment date and the Required Interest as well as receiving all other sums outstanding under this Mortgage.
28. **Mortgagor's Default under other Loans** - The Mortgagor agrees with the Mortgagee that, if the Mortgagor defaults in the payment of the principal sum or interest under any other loan between the Mortgagor and the Mortgagee, whether entered into prior to or subsequent to the loan secured by this Mortgage, then all monies hereby secured together with interest shall, at the option of the Mortgagee, forthwith become due and payable on demand and the Mortgagee may exercise all the rights and powers of the Mortgagee as if the Mortgagor had defaulted under this Mortgage. The Mortgagee shall be at liberty in case of such default or default hereunder to pay any arrears or other sums payable under such other loan or pay all or any portion of the principal sum and interest thereby secured. Any amounts so paid by the Mortgagee shall be added to the amount hereby secured, bear interest at the rate herein provided until repaid, be a charge upon the said lands, and unless repaid to the Mortgagee upon demand, shall be recoverable from the Mortgagor in the same manner as if such sum had been originally secured hereby.
29. **Mortgagor's Default under Prior Encumbrance** - The Mortgagor agrees with the Mortgagee that, if the Mortgagor defaults in the payment of the principal sum or interest under any loan, charge or encumbrance of any nature whatsoever arising in law or in equity having priority over this Mortgage or defaults in the observance or performance of any of the covenants, terms, provisos or conditions therein contained, or defaults on any term or proviso of any loan or agreement between the Mortgagor and the Mortgagee (now in existence or in the future), then all monies hereby secured together with interest shall, at the option of the Mortgagee, forthwith become due and payable on demand and the Mortgagee may exercise

all the rights and powers of the Mortgagee as if the Mortgagor had defaulted under this Mortgage. The Mortgagee shall be at liberty in case of such default or default hereunder to pay any arrears or other sums payable under such prior mortgage or pay all or any portion of the Principal Sum and interest thereby secured. Any amounts so paid by the Mortgagee shall be added to the amount hereby secured, bear interest at the rate herein provided until repaid, be a charge upon the said lands, and unless repaid to the Mortgagee upon demand, shall be recoverable from the Mortgagor in the same manner as if such sum had been originally secured hereby.

30. **Guarantors' Default** - The Mortgagor agrees with the Mortgagee that if any Guarantor of this Mortgage makes default under any security other than this Mortgage granted as additional security for the due performance of the Mortgagor's covenants herein, the same shall constitute a default under this Mortgage and the Mortgagee shall be at liberty to exercise its rights under this Mortgage and under any one or more of the other securities, either successively or concurrently, to the same extent as if the time for payment of the Principal Sum and other sums hereby secured had fully come and expired.
31. **Subsequent Encumbrances** - The Mortgagee and Mortgagor agree there shall be no Subsequent Encumbrances registered against the Lands without the express written consent of the Mortgagee being granted and a priority and standstill agreement being obtained between the Mortgagee and the party wishing to hold the Subsequent Encumbrance.
32. **Condominium Clause** - In the event that the said lands at any time during the currency hereof, with the consent of the Mortgagee, constitute units in a condominium:
  - (a) Reference in this clause to the "Act" shall mean the Condominium Property Act, Chapter C-22, R.S.A. 2000, as amended or such similar or succeeding statute as is from time to time in force;
  - (b) The Mortgagor covenants and agrees with the Mortgagee that the Mortgagor will observe and perform each and every one of the covenants and provisions required to be observed and performed under or pursuant to the terms of this Mortgage, and the By-Laws of the Condominium Corporation of which the Mortgagor is a member by virtue of the Mortgagor's ownership of the condominium unit(s) being charged by this Mortgage (hereinafter called the "Condominium Corporation"), and any amendments thereto;
  - (c) Without limiting the generality of the foregoing sub-paragraph (b), the Mortgagor covenants to pay promptly when due any and all unpaid assessments, installments, levies or other payments due to the Condominium Corporation by the Mortgagor as owner of the condominium unit(s);

- (d) The Mortgagor further covenants and agrees that should the Mortgagor default in its obligation to contribute to the common expenses assessed or levied by the Condominium Corporation, or any authorized agent on its behalf, or fail to pay any assessment, installment, levy or other payment due to the Condominium Corporation when due, or breach any covenant or provision hereinbefore set out, including those covenants in sub-paragraph (b) hereof, the Mortgagee, notwithstanding any action or proceeding taken or to be taken by the Condominium Corporation may, at its option and without notice to the Mortgagor, deem this Mortgage to be in default and proceed to exercise its rights herein;
- (e) Upon default by the Mortgagor and notwithstanding any other right or action of the Condominium Corporation or the Mortgagee, the Mortgagee may distrain for arrears of any assessments, installments, levies or other payments due to the Condominium Corporation or the Mortgagee arising under any of the sub-paragraphs in this paragraph contained.
- (f) All assessments, installments and payments required to be paid by the Mortgagor under any of the sub-paragraphs in this paragraph contained shall be a charge on the said lands;
- (g) The Mortgagor hereby assigns, transfers and sets over unto the Mortgagee any and all of the Mortgagor's rights to vote that may exist or may come into existence in respect of the Condominium Corporation or the said lands, whether such voting rights arise pursuant to the Act, or by the By-Laws of the Condominium Corporation or any agreement with the Condominium Corporation. PROVIDED THAT in the event that the Mortgagee is either not present in person or by proxy, or if present does not wish to vote, then the Mortgagor may exercise the voting right without further authority. The Mortgagor covenants and agrees to execute all such documents and do all such further acts as may be necessary to give effect to this assignment of voting rights;
- (h) The Mortgagor hereby waives its right to make an application to the Court of Queen's Bench for a scheme of settlement pursuant to Section 50 of the Act, and covenants and agrees not to make any such application unless authorized in writing by the Mortgagee.

*[continued on page 22]*

*[continued from page 21]*

IN WITNESS WHEREOF the Company has hereunto affixed its Corporate Seal by the hands of its officers as of 19 day of February, 2015.

**STARKE DOMINION LTD.**

Per:  (c/s)

Per: \_\_\_\_\_

**SCHEDULE "A"**

***Municipal Address: Dominion Plan, 906-12th Avenue SW, Calgary, Alberta***

***Legal Description:***

PLAN A1

BLOCK 74

LOTS 21 TO 34 INCLUSIVE

EXCEPTING THEREOUT THE ROAD WIDENING ON PLAN 8211695

EXCEPTING THEREOUT ALL MINES AND MINERALS

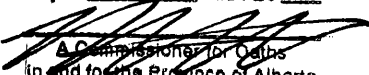




Paragon Capital Corporation Ltd.  
1200, 1015 4th Street SW  
Calgary, Alberta T2R 1J4  
T 403 263 6446  
F 403 263 6445  
E paragon@paragoncorp.ca  
W www.paragoncorp.ca

THIS IS EXHIBIT " B "  
referred to in the Affidavit of  
Ken Fedoretz

Sworn before me this 8  
day of Feb A.D. 20 16

  
A Commissioner for Oaths  
in and for the Province of Alberta

**MICHAEL J. WHITING**  
**Barrister & Solicitor**

February 17, 2017

Starke Dominion Ltd.  
910, 906 – 12<sup>th</sup> Avenue SW.  
Calgary, A.B.

Attn: David Harrison


Dear Sir:

Re: \$25,000,000.00 Mortgage to Paragon Capital Corporation Ltd.  
Property: 908 12<sup>th</sup> Avenue S.W., Calgary, Alberta  
Legal description: Plan A1, Block 74, Lots 21 to 34

Please be advised that the above referenced loan facility matures on March 1, 2017 and Paragon is pleased to extend the maturity of this loan under the following terms and conditions:

<b>Term:</b>	March 1, 2017 to March 1, 2018
<b>Renewal Fee:</b>	1.5% of the principal balance owing of \$25,000,000, or the sum of \$375,000 to be capitalized.
<b>Interest Rate:</b>	5.70% per annum, compounded monthly
<b>Payments:</b>	\$118,750 per month, interest only.
<b>Other Terms:</b>	The property manager will sweep excess cash flow of \$30,000 per month to be held in a separate account only to be used for tenant improvements and lease commissions with the written approval of the lender. Excess cash flow over \$30,000 can be released to the owner, should the cash flow fall below \$30,000, the lender will be notified immediately.

The property will at all times maintain a minimum DSC of 1.25X utilizing actual NOI and actual mortgage payments.





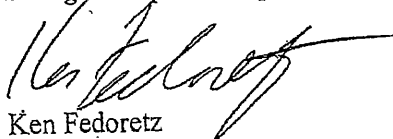
Upon acceptance, a formal amending agreement will be required and registered requiring postponements from all parties registered on title.

Monthly payments will continue to be paid by the property manager when due.

With the exception of the above amendments, all other terms and conditions of the original mortgage and loan agreement will remain in full force.

The above proposal is open for your acceptance on or before 4:00 MST, Wednesday, February 15, 2017, otherwise, it becomes null and void. Should you have any questions or concerns, please do not hesitate to call.

Sincerely,  
Paragon Capital Corporation Ltd.

  
Ken Fedoretz

#### ACCEPTANCE

We hereby acknowledge and accept the above terms and conditions, this 10<sup>th</sup> day of February, 2017.

Starke Dominion Ltd.

Per: 



# MORTGAGE AMENDING AGREEMENT

THIS AGREEMENT made effective this 17 day of February, 2017

BETWEEN:

THIS IS EXHIBIT "C"  
referred to in the Affidavit of  
Ken Fedoretz  
Sworn before me this 8  
day of Feb A.D. 2018

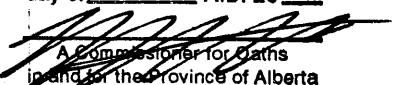
**STARKE DOMINION LTD.**  
(hereinafter referred to as the "Owner")

OF THE FIRST PART

- and -

**PARAGON CAPITAL CORPORATION LTD.**  
(hereinafter referred to as the "Mortgagee")

OF THE SECOND PART

  
A Commissioner for Oaths  
in and for the Province of Alberta  
**MICHAEL J. WHITING**  
**Barrister & Solicitor**

WHEREAS:

1. The Owner is registered as owner in fee simple of the following lands, namely;  
  
See Schedule "A" attached hereto.  
  
(hereinafter together with all improvements situate thereon referred to as the "Lands").
2. The Mortgagee holds a registered Mortgage upon the Lands dated on or about February 19, 2015 and registered at the Land Titles Office in Calgary, Alberta on March 3, 2015, as Instrument No. 151 065 139 (hereinafter referred to as the "Mortgage") with respect to a loan agreement (the "Agreement") to secure repayment of the sum of TWENTY-FIVE MILLION (\$25,000,000.00) DOLLARS (the "Principal Amount") with interest thereon at the rate of FOUR THOUSAND SEVEN HUNDRED AND FIFTY TEN THOUSANDTHS (0.4750%) PERCENT per month, in the same manner and subject to all the same covenants, terms and conditions as determined and adjusted in the Mortgage (the "Loan").
3. The outstanding Principal Amount on February 17, 2017 was TWENTY-FIVE MILLION (\$25,000,000.00) DOLLARS, and there was anticipated accrued interest to February 28, 2017 in the amount of ONE HUNDRED EIGHTEEN THOUSAND SEVEN HUNDRED AND FIFTY (\$118,750.00) DOLLARS.
4. The Mortgagee has agreed to extend the Maturity Date to the first day of March, 2018 (the "First Extended Maturity Date").
5. The Parties hereto have agreed that the Mortgage and Agreement shall be amended and varied in the manner and to the extent only as hereinafter set forth.

NOW THEREFORE THIS AGREEMENT WITNESSETH that for and in consideration of the premises and mutual agreements herein contained, the parties hereto covenant and agree as follows:

1. The Mortgagee and the Owner agree:

- a. The outstanding Principal Amount on February 17, 2017 was TWENTY-FIVE MILLION (\$25,000,000.00) DOLLARS, and there was accrued interest to February 28, 2017 in the amount of ONE HUNDRED EIGHTEEN THOUSAND SEVEN HUNDRED AND FIFTY (\$118,750.00) DOLLARS; and
- b. To extend the time for the payment of the Principal Amount to the first day of March, 2018 (the "First Extended Maturity Date"). ✓

2. The Owner agrees as follows:

- a. To pay to the Mortgagee at #1200, 1015 - 4th Street S.W., Calgary, Alberta, T2R 1J4, or such other place or places as the Mortgagee may designate, the said Principal Amount together with interest thereon at the rate of FOUR THOUSAND SEVEN HUNDRED AND FIFTY TEN THOUSANDTHS (0.4750%) PERCENT per month, in the same manner and subject to all the same covenants, terms and conditions as determined and adjusted in the Mortgage as extended hereby and both before and after default and judgment, by consecutive monthly instalments of ONE HUNDRED EIGHTEEN THOUSAND SEVEN HUNDRED AND FIFTY (\$118,750.00) DOLLARS each (to include payment of interest only) on the First day of each and every month in each and every year from and including the first day of April, 2017, to and including the first day of March, 2018 Extended Maturity Date, the aforesaid monthly instalments to be applied firstly to interest calculated as aforesaid on the principal monies from time to time outstanding under the Mortgage, and the balance of the said monthly instalments to be applied on account of principal (except, however, that in the case of default by the Owner the Mortgagee may apply any payments received during the period of default in whatever order it may elect as between taxes, assessments, interest, repairs, insurance premiums, principal and other monies payable under the Mortgage).
- b. The balance of the Principal Amount shall be become due and shall be paid on the first day of March, 2018. ✓
- c. The Owner is fully bound by and will observe and perform all the terms, obligations, stipulations, powers and provisions contained in the Agreement, and the Owner confirms that the Lands and all the estate and interest of the Owner therein are mortgaged and charged by the Mortgage to secure payment of the Principal Amount, interest and other monies mentioned in the Agreement (as hereby amended).
- d. In the event of default being made in any of the covenants, agreements or provisions expressed or implied in the Agreement or in this Agreement, the Mortgagee may exercise any or all of its rights and remedies provided for under the Mortgage; and, without limiting the generality of the foregoing, the whole of the Principal Amount and all other monies payable under the Agreement (as amended), shall, at the option of the Mortgagee, become immediately due and payable.

- e. PROVIDED ALWAYS and the same is hereby reserved and agreed that the terms of this Agreement, including but not restricted to the terms of repayment of and the rate of interest payable under this Agreement, may be varied, extended, increased or decreased, or otherwise amended as the Mortgagee and the then registered owner(s) of the said lands may determine and agree in writing, from time to time and whether before, as at, or after the then maturity date of this Agreement, and all of the same without prejudice to the rights of the Mortgagee against either the Owner or any person(s) liable for the payment of the monies secured by this Agreement; further any alteration aforesaid may but need not be registered against the said lands and whether or not so registered, this Agreement, as so altered, shall rank in priority to any and all interests registered against said lands subsequent to the registration of this immediate Agreement document as if and to the extent that said alteration had been registered before the registration of any of said subsequent interests.
- f. That all amendments and variations shall be deemed to be effective as and from the 17<sup>th</sup> day of February, 2017 as if such amendments and variations were contained in the Mortgage *ab initio* however, in all other respects the Agreement shall remain the same and the parties hereto shall be bound by the terms of the Agreement.

3. The parties hereto do further covenant and agree as follows:

- a. This agreement shall not be or be constituted an accord and satisfaction between the Owner and the Mortgagee with respect to the indebtedness under the Agreement, and neither the Agreement nor any security collateral thereto (including without limitation any guarantee or other surety, assignment of rents, assignment of lease, or chattel mortgage) shall in any way be discharged, released or prejudiced by this Agreement (or any prior term extension or mortgage renewal) and shall in no way be affected by this Agreement (or any prior term extension or mortgage renewal), save to the extent that the Agreement is hereby expressly modified and that the Agreement (and all security collateral thereto) shall continue in full force and effect and shall secure all interest and other obligations of the Owner under the Agreement (and collateral security) as modified hereunder, as a charge upon the Lands.
- b. This agreement is intended to be and shall operate as and shall constitute an amending agreement and not a novation of the Agreement.
- c. Without limiting the generality of the preceding clause (b), nothing in this agreement or in any prior extension or renewal of the Agreement shall be or constitute or operate as a release or waiver of any personal covenants contained in the Agreement, or a release or discharge of any surety of or for the Agreement.
- d. This agreement shall extend to, be binding upon, and enure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and assigns.
- e. The Owner shall secure and provide to the Mortgagee any and all such postponements and other assurances and instruments as the Mortgagee may reasonably require to secure the

same priority for this agreement and any caveat in respect thereof as is enjoyed by the Agreement; and failing that being done the Mortgagee at its sole option may declare this agreement to be null and void.

- f. The Owner shall pay and indemnify the Mortgagee against Mortgagee's solicitor's fees and disbursements, on a solicitor-and-his-own-client basis, in respect of or arising out of this agreement and any caveat, postponements and other instruments arising out of same or pertaining thereto, and all such fees and disbursements shall be a charge upon the Lands under and pursuant to the Agreement.
- g. If any term or provision in this agreement shall be void or unenforceable for any reason whatsoever, the same shall be severable herefrom and this agreement shall remain in full force as to all terms and provisions remaining after severance.
- h. The Owner shall pay to the Mortgagee the sum of THREE HUNDRED AND SEVENTY-FIVE THOUSAND (\$375,000.00) as and by way of an Extension Fee for the Loan amendment. The parties agree that such Extension Fee shall be capitalized immediately.

IN WITNESS WHEREOF the corporate parties hereto have caused their respective corporate seals to be affixed hereto in the presence of their respective proper officers duly authorized in that behalf attested by the signatures of such officers, and the individual parties hereto have hereunto set their hands and seals, the day and year first above written.

**STARKE DOMINION LTD.**

by its authorized signatory(ies):

\_\_\_\_\_(c/s)  
Authorized Signatory

\_\_\_\_\_(c/s)  
Authorized Signatory

**PARAGON CAPITAL CORPORATION LTD.**

by its authorized signatory(ies):

\_\_\_\_\_(c/s)  
Authorized Signatory

\_\_\_\_\_(c/s)  
Authorized Signatory

*Seal*

same priority for this agreement and any caveat in respect thereof as is enjoyed by the Agreement; and failing that being done the Mortgagee at its sole option may declare this agreement to be null and void.

- f. The Owner shall pay and indemnify the Mortgagee against Mortgagee's solicitor's fees and disbursements, on a solicitor-and-his-own-client basis, in respect of or arising out of this agreement and any caveat, postponements and other instruments arising out of same or pertaining thereto, and all such fees and disbursements shall be a charge upon the Lands under and pursuant to the Agreement.
- g. If any term or provision in this agreement shall be void or unenforceable for any reason whatsoever, the same shall be severable herefrom and this agreement shall remain in full force as to all terms and provisions remaining after severance.
- h. The Owner shall pay to the Mortgagee the sum of THREE HUNDRED AND SEVENTY-FIVE THOUSAND (\$375,000.00) as and by way of an Extension Fee for the Loan amendment. The parties agree that such Extension Fee shall be capitalized immediately.

IN WITNESS WHEREOF the corporate parties hereto have caused their respective corporate seals to be affixed hereto in the presence of their respective proper officers duly authorized in that behalf attested by the signatures of such officers, and the individual parties hereto have hereunto set their hands and seals, the day and year first above written.

*Seal*  
**STARKE DOMINION LTD.**  
 by its authorized signatory(ies):

  
 \_\_\_\_\_ (c/s)  
 Authorized Signatory

✓  
 \_\_\_\_\_ (c/s)  
 Authorized Signatory

**PARAGON CAPITAL CORPORATION LTD.**  
 by its authorized signatory(ies):

\_\_\_\_\_  
 \_\_\_\_\_ (c/s)  
 Authorized Signatory

\_\_\_\_\_  
 \_\_\_\_\_ (c/s)  
 Authorized Signatory

**SCHEDULE "A"**

***Municipal Address: Dominion Plan, 906-12<sup>th</sup> Avenue SW, Calgary, Alberta***

***Legal Description:***

PLAN A1

BLOCK 74

LOTS 21 TO 34 INCLUSIVE

EXCEPTING THEREOUT THE ROAD WIDENING ON PLAN 8211695

EXCEPTING THEREOUT ALL MINES AND MINERALS





Form 3  
[Rule 2.28]

COURT FILE NUMBER 1501-02303

COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

PLAINTIFF

STRATEGIC ACQUISITION CORP.

DEFENDANTS

MULTUS INVESTMENT CORPORATION, QUALIA REAL ESTATE INVESTMENT FUND V LIMITED PARTNERSHIP, STARKE CAPITAL CORP., STARKE DOMINION LTD., 1680472 ALBERTA LTD., JOHN/JANE DOE 1 THROUGH 10, XYZ CORPORATION 5 THROUGH 10, ABC PARTNERSHIP OR LIMITED PARTNERSHIP 1 THROUGH 10, OPAL INVESTMENT CORPORATION, FRANKLIN BUILDING AAM GP CORP., STARKE FRANKLIN INDUSTRIAL LTD., STARKE PLAZA 14 LTD., PARAGON CAPITAL CORPORATION LTD., and S.A. BACKLIN PROFESSIONAL CORPORATION

DOCUMENT

ORDER

ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF  
PARTY FILING THIS DOCUMENT

Burnet, Duckworth & Palmer LLP  
2400, 525 - 8 Avenue SW  
Calgary, Alberta T2P 1G1  
Lawyer: Doug McGillivray, Q.C./J. Kelly Hannan  
Phone Number: (403) 260-0349/260-0126  
Fax Number: (403) 260-0332  
Email Address: dam@bdplaw.com/jkh@bdplaw.com  
File No. 73477-1

DATE ON WHICH ORDER WAS PRONOUNCED: March 31, 2017

LOCATION OF HEARING OR TRIAL: Calgary

NAME OF JUSTICE WHO MADE THIS ORDER: Justice Mahoney

THIS IS EXHIBIT "D"  
referred to in the Affidavit of

Ken Fedoretz

Sworn before me this 8

day of Feb. A.D. 20 18

A Commissioner for Oaths  
in and for the Province of Alberta

MICHAEL J. WHITING  
Barrister & Solicitor

I hereby certify this to be a true copy of  
the original Order

Dated this 19 day of April 2017

M. Neufert  
for Clerk of the Court

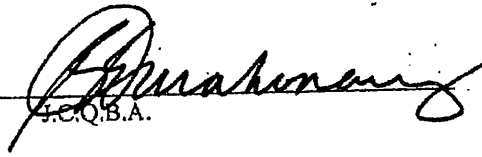


UPON THE APPLICATION of Starke Capital Corp. and Starke Dominion Ltd. filed March 14, 2017 for an Order concerning the registration of a Mortgage Amending Agreement dated February 17, 2017 between Starke Dominion Ltd. and Paragon Capital Corporation Ltd. (the **Mortgage Amending Agreement**) on title to Dominion Place and its priority to other registrations on such title; **AND UPON HEARING** counsel for Starke Capital Corp. and Starke Dominion Ltd and counsel for Strategic Acquisition Corp. **AND UPON** reviewing the affidavits of David Harrison sworn March 3, 2017 and March 13, 2017;

**IT IS HEREBY ORDERED AND DECLARED THAT:**

1. Notwithstanding section 191 of the *Land Titles Act*, RSA 2000 c L-4; this Order and the Mortgage Amending Agreement between Starke Dominion Ltd. and Paragon Capital Corporation Ltd., executed February 17, 2017 (the **Mortgage Amending Agreement**) shall be registered concurrently on title to the lands legally described as Plan A1, Block 74, Lots 21 to 34 inclusive, excepting thereout the road widening on Plan 8211695 and excepting thereout all mines and minerals (**Dominion Place**).
2. The following registrations on Dominion Place are postponed to and stand in priority behind Registration No. 151 065 139 and the Mortgage Amending Agreement, including all amounts owing thereunder:
  - (a) Registration No. 131 019 632;
  - (b) Registration No. 131 046 054;
  - (c) Registration No. 131 228 815;
  - (d) Registration No. 131 269 927;
  - (e) Registration No. 171 005 807;
  - (f) Registration No. 171 005 808; and
  - (g) Registration No. 171 025 934.
3. The Registrar of the Land Titles Office is directed to register this Order on an expedited basis.
4. The parties are directed to maintain the *status quo* and not to engage in any further court action in regard to Dominion Place until appeal, File No. 1601-0349AC, scheduled for May 19, 2017 is decided.
5. Costs are awarded to the Applicants, Starke Capital Corp. and Starke Dominion Ltd. for a contested Chambers motion without briefs under Column 5 of Schedule C plus reasonable disbursements and GST.

Area 171 082 889 Adf

  
J.C.Q.B.A.

AGREED AS TO FORM AND CONTENT:

**BURNET, DUCKWORTH & PALMER LLP**

Per: 

for: Doug McGillivray Q.C. / J. Kelly Hannan  
Counsel for the Defendants, Starke Capital  
Corp. and Starke Dominion Ltd.

**MCCARTHY TETRAULT LLP**

Per: 

Sean Smyth Q.C.  
Counsel for the Plaintiff, Strategic  
Acquisition Corp.



AGREEMENT

DATED this 31<sup>st</sup> day of August, 2017.

BETWEEN:

PARAGON CAPITAL CORPORATION LTD.  
an Alberta corporation having an office in the  
City of Calgary, in the Province of Alberta  
(hereinafter referred to as the "Lender")

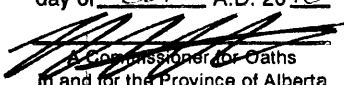
-- and --

STARKE DOMINION LTD.  
an Alberta corporation having an office in the  
City of Calgary, in the Province of Alberta  
(hereinafter referred to as "Starke")

THIS IS EXHIBIT " E "  
referred to in the Affidavit of

Ken Fedoretz

Sworn before me this 8  
day of Feb. A.D. 2018

  
A Commissioner for Oaths  
in and for the Province of Alberta

**MICHAEL J. WHITIN**  
Barrister & Solicitor

WHEREAS:

- A. Pursuant to a Loan Agreement dated January 30, 2015, the Lender agreed to provide Starke with a loan facility in the principal sum of \$25,000,000.00 with an initial fixed rate of interest of 0.4750% per month, calculated and compounded monthly, not in advance, both before and after maturity, subject to the additional terms, covenants and conditions set forth in the Loan Agreement (the "Loan Agreement");
- B. Pursuant to a Promissory Note dated February 19, 2015, Starke agreed to pay to the Lender the principal sum of \$25,000,000.00, together with interest thereon at the rate of 0.4750% per month, calculated and compounded monthly, not in advance, both before and after maturity (the "Promissory Note");
- C. Pursuant to the terms of the Promissory Note, Starke also agreed to pay interest in monthly installments of \$118,750.00, payable on the first day of each and every month, in each and every year, from and including the date of the advance to Starke through to and including the first day of March, 2017, when all amounts outstanding under the terms of the Loan Agreement and Promissory Note shall become due and payable;
- D. Pursuant to a Mortgage dated February 19, 2015, which was registered at the Land Titles Office for the South Alberta Land Registration District on March 5, 2015, as Instrument No. 151 065 139 (the "Mortgage"), Starke mortgaged to the Lender all of its estate and interest in certain lands legally described as Plan A1, Block 74, Lots 21 to 34 inclusive, excepting thereout the road widening on Plan 8211695, excepting thereout all mines and minerals (the "Lands"). The Mortgage secures the payment of the principal sum of \$25,000,000.00 advanced by the Lender to Starke, plus interest at the rate of 0.4750% per month, calculated and compounded monthly, not in advance, both before and after maturity;

- E. Pursuant to a General Security Agreement dated February 19, 2015, the Lender holds a registered and perfected security interest over all the present and after acquired personal property of Starke (the "GSA");
- F. Pursuant to an Assignment of Rents and Leases dated February 19, 2015, Starke transferred, bargained and assigned all its right, title and interest in any rents or leases to which the Lands are subject to in favour of the Lender (the "Assignment of Rents");
- G. Pursuant to an Extension Agreement dated February 10, 2017, the terms of the Loan Agreement, Promissory Note and Mortgage were extended, such that all indebtedness owed by Starke is to be repaid to the Lender on or before March 1, 2018 (the "Extension Agreement"). Starke agreed to pay a renewal fee of \$375,000.00, which was capitalized and added to the principal sum of \$25,000,000.00, with an interest rate of 5.7% per annum, compounded monthly, not in advance, both before and after maturity;
- H. Pursuant to the Extension Agreement, Starke agreed to pay to the Lender interest only payments in the sum of \$118,750.00 per month. Starke further agreed that at all times it would maintain a minimum DSCR of 1.25X utilizing actual NOI and actual mortgage payments. It is a term of the Extension Agreement that all other terms of the Loan Agreement, Promissory Note, Mortgage and other credit facilities shall remain in full force and effect;
- I. The Lender alleges that Starke is in default of its respective obligations to the Lender, the specifics of which are detailed in the Statement of Claim (as described below) filed by the Lender. The Lender issued a written demand letter to Starke on June 8, 2017, which included a Notice of Intention to Enforce Security, Form 86, pursuant to Section 244(1) of the *Bankruptcy and Insolvency Act* (Canada);
- J. On June 30, 2017, the Lender commenced Action No. 1701-08853 at the Court of Queen's Bench of Alberta (the "Action") by filing a Statement of Claim to enforce the Loan Agreement, Promissory Note, Mortgage and its other credit facilities (the "Statement of Claim"). Concurrent with the filing of the Statement of Claim, the Lender caused a Certificate of *Lis Pendens* to be registered against the Lands, which was registered on July 18, 2017;
- K. On July 20, 2017, Starke filed a Statement of Defence in response to the Statement of Claim;
- L. Notwithstanding the current alleged events of default, Starke has requested additional time to repay the indebtedness owing to the Lender herein, and the Lender has agreed to provide an extension of time for repayment of the credit facilities on the specific terms and conditions set forth in this Agreement; and
- M. Except as expressly set forth in this Agreement, the terms of the various credit facilities, including the Loan Agreement, Promissory Note, Mortgage, GSA, Assignment of Rents and the Extension Agreement, will continue to govern the relationship between the Lender and Starke.

Therefore in consideration of the mutual covenants and promises contained herein, and in consideration of the Lender agreeing, except as expressly set forth herein, to forbear with respect to the commencement or continuation of enforcement proceedings in connection with the indebtedness and security, the parties agree as follows:

Indebtedness

1. Starke is indebted to the Lender as at August 8, 2017, as follows:

Pursuant to the Loan Agreement, Mortgage, Promissory Note \$25,418,144.26  
and Extension Agreement  
(per diem interest thereafter \$3,965.07)

together with all interest, legal costs, appraisal fees and other charges and expenses which may accrue to the account of Starke as outlined in the various credit facilities, to the date of payment, including but not limited to any fee as set out in this Agreement (collectively hereinafter referred to as the "Indebtedness").

Acknowledgements

2. Starke hereby acknowledges:

- (a) the recitals hereto are true and accurate and form part hereof;
- (b) Starke's alleged breaches of its covenants, as generally described herein, are not waived by the Lender, and the Lender is granting a forbearance period as provided herein without obligation therefore;
- (c) the Lender has preserved all its rights and remedies under the security;
- (d) it shall, by the execution hereof, become obligated to pay the Lender the fee described in Section 7 below, which fee has been earned by the Lender by virtue of its agreement to forbear from enforcement of its loan and security as provided herein, and as a result of the additional administration of the account as a result of the default of Starke;
- (e) it shall continue to be bound by all covenants and conditions set forth in the referenced credit facilities, except as amended by this Agreement, until such time as the Indebtedness has been paid in full to the Lender; and
- (f) the referenced security is valid, subsisting and enforceable in accordance with its terms, and the security interests reserved to the Lender therein are duly registered, recorded and perfected in such public registries as necessary, and the security shall continue unamended and in full force and effect and shall extend to all debts, liabilities and obligations owed by Starke to the Lender however arising, including, without limitation, the Indebtedness.



Extension and Forbearance

3. Subject to the terms and conditions contained in this Agreement, and in particular the interest payment terms, referenced below, the Lender shall extend the time for payment of the outstanding Indebtedness and forbear from taking any further steps to enforce or realize upon the security until on or after ~~February 9, 2018~~ (the "Payment Date"), at which time the Indebtedness (or such balance thereof as may then remain outstanding) shall automatically become due and payable in full by Starke to the Lender.
4. The parties acknowledge and agree that the Lender has exercised the terms of the Assignment of Rents, and that the terms of this Agreement shall not effect or impact the Lender's continued enforcement of the Assignment of Rents.

Interest Payments

5. Prior to the Payment Date, referenced above, and the full amount of the Indebtedness becoming due and payable in full by Starke, Starke shall continue to make the regular monthly interest payments to the Lender in the amount of \$118,750.00 per month on first day of each and every month. The interest payments made by Starke to the Lender, as set forth herein, shall be applied firstly to any costs owing by Starke to the Lender, and thereafter to interest, and finally to principal amounts owing to the Lender, as may be determined and applied by the Lender in its sole and absolute discretion.

New and Continuing Contracts

6. Starke hereby agrees that it will not enter into any contract, agreement or lease, including any amendments or extensions thereof, that relate to or involve the Lands or the operations conducted thereon that exceeds \$10,000 in value without the express written consent of the Lender, such consent not to be unreasonably withheld.

Fee

7. In consideration of the Lender's agreement to extend the Payment Date to ~~February 9, 2018~~ <sup>March 1, 2018</sup>, and forbear as set forth herein, Starke shall pay to the Lender a fee of \$1,000.00, which amount shall form part of the Indebtedness owing by Starke to the Lender, as set forth herein (the "Fee"). The Fee shall be added to the principal amount once this Agreement is executed by all parties hereto, and thereafter shall form part of the Indebtedness referenced in paragraph 1, above.

Mortgage Enforcement

8. Starke is the registered owner of the Lands. The Lender holds registered mortgage security against the Lands in the amount of \$25,375,000.00, plus interest, fees and costs. As a result of the default by Starke, as more fully set forth herein, the Lender commenced the Action to enforce, among other things, the Mortgage security. Concurrent with the execution of this Agreement, Starke shall also execute a Consent Redemption Order, attached hereto as Schedule "A" to this Agreement. If the Indebtedness is not satisfied by the Payment Date, the Lender shall thereafter be entitled to have the Consent Redemption Order signed and entered with the Court of Queen's Bench of Alberta and thereafter proceed with a Judicial Listing of the Lands charged by the Mortgage security referenced herein, which lands are in the name

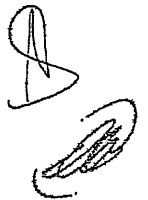
of Starke, as referenced above. If the Indebtedness is not satisfied by the Payment Date, the Lands shall be listed for sale at \$32,000,000.00 or such other amount recommended by the listing agent mutually agreed to by the parties for the ninety (90) day Judicial Listing as contemplated in the Consent Redemption Order, attached hereto as Schedule "A".

9. In the event the Lender activates the Judicial Listing as permitted in this Agreement, Starke agrees to cooperate fully with the Judicial Listing. The Lender shall provide Starke with notice of any application to be brought to the Court of Queen's Bench of Alberta to consider any offers received through the course of the Judicial Listing.
10. If an event of default occurs under the terms of this Agreement, as more fully set forth below and herein, and if the event of default is not remedied by Starke upon the Lender providing ten (10) day's written notice of the event of default, the Lender shall thereafter be entitled to proceed with the filing of the Consent Redemption Order referenced herein and the activation of the Judicial Listing thereafter.
11. If the Indebtedness is satisfied prior to the Payment Date, inclusive of interest, fees and costs, then the Lender shall return to Starke the Consent Redemption Order, uncopied and unused, provided that the Consent Redemption Order was not previously filed as a result of a prior event of default. In the event the Indebtedness is paid, inclusive of interest, fees and costs, the Lender shall also file a Discontinuance of Claim in the Action, discharge the Certificate of *Lis Pendens* from title, and discharge the referenced Mortgage security and all other security, and thereafter shall provide Starke with a copy of title confirming the same.

#### Default

12. Notwithstanding any other provision contained herein, the Indebtedness is and shall be immediately payable by Starke to the Lender, and Starke expressly acknowledges that if:

- (a) any of the interest payments are not made, or are otherwise returned or stopped by Starke, or any third party;
- (b) it defaults in paying to the Lender all Indebtedness on or before the Payment Date;
- (c) it defaults in the observance or performance of any obligation or covenant contained in this Agreement, or Starke otherwise breaches any of the provisions hereof;
- (d) any property of Starke is seized or taken in execution by or on behalf of any third party, or any funds of Starke are subject to attachment or garnishment proceedings;
- (e) a receiver, interim receiver, monitor, or trustee in bankruptcy is appointed in respect of Starke, or Starke makes an assignment in bankruptcy, is petitioned into bankruptcy, files a proposal or a notice of intention to file a proposal under the *Bankruptcy and Insolvency Act* the ("BIA"), the *Companies Creditors Arrangement Act* ("CCAA") or such similar legislation;



- (f) any charge, lien, or claim existing prior to the date or arising after the date of this Agreement and ranking in priority to the claims of the Lender pursuant to the security shall exist, is made or be allowed to continue to exist, be created or made;

*reinsert* ~~(g) any Judgment against Starke shall be entered;~~ *in excess of \$50,000 reinsert*

- ~~(h) ---Starke commits a breach of any term, condition or covenant contained herein or in any other agreement to which the Lender and Starke are parties, including but not limited to the security held by the Lender in respect of the indebtedness;~~

- (i) any new event occurs which, in the opinion of the Lender, acting reasonably, materially impairs its security, or the value of the assets secured thereby or against which the Lender holds any security, or there shall be, in the opinion of the Lender, acting reasonably, a material adverse change in the financial circumstances of Starke;

then in any such event (each of which being hereinafter individually referred to as an "Event of Default") the Lender shall be entitled to immediately proceed with the enforcement of any security held by the Lender, and take such legal proceedings as the Lender deems necessary and appropriate to recover the indebtedness and any and all other amounts then owing to the Lender, including but not limited to the filing of the Consent Redemption Order referenced herein and the activation of the Judicial Listing thereafter.

If an Event of Default occurs, as set forth herein, the Lender shall be entitled to proceed with enforcement, as contemplated, without the issuance of a further or any demand letter to Starke, and without the issuance of a further or any Notice of Intention to Enforce Security under the BIA. Starke acknowledges that such demands and notices have already been issued by the Lender as at the date of this Agreement.

#### Insolvency Proceedings

13. In the event that Starke elects to file proceedings under the BIA or the CCAA or such proceedings are filed in respect of Starke by a third party:

- (a) the terms of this Agreement shall, to the extent permitted by law, remain binding and the Lender shall be unaffected by any stay or other Order in such proceedings;
- (b) the Lender shall in any event be an unaffected creditor in any plan or proposal unless the Lender consents in writing to be treated otherwise;
- (c) Starke hereby irrevocably consent to a variation of any stay or Order in such proceedings that is inconsistent with the foregoing; and
- (d) Starke agrees that it will not make or support any application that would have the effect of creating any charge ranking in priority to the security of the Lender or that would alter or vary the rights of the Lender under the terms of this Agreement.

### Additional Covenants

14. Starke agrees that during the term of this Agreement:

- (a) it shall continue to maintain full title and ownership of its properties and assets without diminution of any interest it has have therein subject only to permitted encumbrances as defined in the security;
- (b) it shall continue to carry on business in the ordinary course consistent with past practices;
- (c) it shall diligently pursue and report monthly to the Lender on the progress of any sale, transfer or disposition of its property, assets and interests (which shall remain subject to the prior consent and approval of the Lender) with a view to paying the Indebtedness to the Lender on or before the Payment Date and shall, immediately upon receipt by Starke, deliver to the Lender copies of all letters of intent or offers to purchase, or such similar agreements in respect thereof; and
- (d) it shall not, without the prior written consent of the Lender:
  - (i) suffer or permit any sale, transfer or other disposition of its properties and assets, except sales in the ordinary course of their business, or any diminution of any interest it has therein, subject only to permitted encumbrances as defined in the security; or
  - (ii) make directly or indirectly any payment in reduction of debt owing by it to any of its shareholders, or affiliates or associates (as those terms are defined by the *Business Corporations Act* (Alberta)).

### Release of Lender

15. In consideration of the Lender agreeing to forbear and extend the repayment of the Indebtedness as set forth in this Agreement, Starke on its behalf and on behalf of its successors and assigns, does hereby remise, release and forever discharge the Lender and its employees, agents, officers, directors, successors and assigns from any and all actions, causes of action, claims, damages, demands, costs and expenses whatsoever at law or in equity which it ever had, now has or which it shall or may have against the Lender or its employees, agents, officers, directors, successors and assigns by reason of any matter, cause or thing whatsoever existing up to the date hereof. The consideration for the within provision is the forbearance of the Lender, as more fully set forth herein.

### Lender's Ongoing Obligations

16. All of the obligations of the Lender, express or implied, pursuant to all previous agreements with Starke are waived insofar as such obligations conflict with the terms of this Agreement.

### Liability for Costs

17. Starke shall be liable for all legal and other costs (on a solicitor and client, full indemnity basis) incurred by the Lender in connection with the Indebtedness, and the security, including

the costs and expenses incurred in the preparation of this Agreement, which fees and costs shall, to the extent not paid by Starke, be added to and become part of the indebtedness and be secured by the security.

Miscellaneous Provisions

18. Starke represents and warrants to the Lender that the execution, delivery and performance by it of this Agreement has been duly authorized by all necessary parties and does not violate its governing documents or any applicable laws or agreements to which it is subject or by which it is bound.
19. Except as specifically amended by this Agreement, the agreements between the parties as referenced herein remain unamended and in full force. If there is a conflict between the terms of the referenced agreements and this Agreement, the terms of this Agreement shall be paramount.
20. Any modification or waiver of any provision of this Agreement, or any document or instrument provided hereunder, or any consent to the departure therefrom by the parties hereto shall not be effective in any event unless the same is in writing and signed by the parties hereto, and then such modification, waiver or consent shall be effective only in a specific instance and for the specific purpose given.
21. Starke shall from time to time after the execution and delivery of this Agreement, upon the request of the Lender, execute and deliver such further documents and do such other acts and things as the Lender may reasonably request in order to effect fully the purposes of this Agreement.
22. Time is of the essence with respect to this Agreement.
23. This Agreement will endure to the benefit of and be binding upon the parties hereto, their permitted assigns and their successors.
24. This Agreement may be executed in separate counterparts and when a counterpart has been executed by each party, all counterparts, when taken together, shall constitute one agreement and will have the same force and effect as if all of the parties executing such counterparts had executed the same agreement.
25. This Agreement shall be governed by the laws of the Province of Alberta. The parties further agree to irrevocably attorn to the jurisdiction of the Alberta Courts, in the event it becomes necessary to interpret or enforce the terms of this Agreement.
26. If any provision of this agreement is unenforceable, it shall be severed from the Agreement, and the balance of this Agreement shall remain in full force and effect, unmodified by the offending provision.
27. Starke has received independent legal advice regarding the terms of this Agreement or, alternatively, having been fully advised of its right to have and receive independent legal advice, elected to proceed with the execution of this Agreement without the same.



IN WITNESS WHEREOF the undersigned have caused these presents to be executed under the hands of their duly authorized officers as of the date first above written.

PARAGON CAPITAL CORPORATION  
LTD.

Per:

Name:  
Title:

*Abby Steinberg*  
*President*

STARKE DOMINION LTD.

Per:

Name:  
Title:

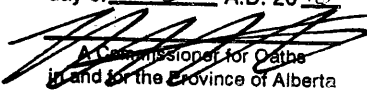
*David W. Harrison*  
*President*





Paragon Capital Corp. Inc.  
1200, 1015 4th Street SW  
Calgary, Alberta T2R 1J4  
T 403 263 6446  
F 403 263 6445  
E paragon@paragoncorp.ca  
W www.paragoncorp.ca

THIS IS EXHIBIT " F "  
referred to in the Affidavit of  
Ken Fedoretz  
Sworn before me this 8  
day of Feb A.D. 20 18

  
A Commissioner for Oaths  
in and for the Province of Alberta

**MICHAEL J. WHITING**  
**Barrister & Solicitor**

October 17, 2017

Registered Mail

Starke Dominion Ltd.  
330, 1414 – 8<sup>th</sup> Street SW  
Calgary, Alberta T2R 1J6

Dear Sir/Madam:

Re: Lender: Paragon Capital Corp. Inc.  
Borrower: Starke Dominion Ltd.  
Loan Agreement: August 21, 2017 Agreement

Hi David, thanks for your call regarding your continued attempts to find a solution for your cash shortfalls. Unfortunately, as you confirmed, you have not been able to secure any money's to pay outstanding bills. As referenced in Ajay's (Group Three Property Management) cash flow, September and October have seen a significant rise in payables. The total now sits at just over \$127,000, with Enmax now being 2 months in arrears.

Per our Agreement Dated August 31, 2017, we agreed to forebear from further legal actions subject to certain terms and conditions being met. Part of this agreement under clause 12 identified specific items that would constitute default.

Consequently, per the default clauses contained in this agreement, we officially note you in default. Since our agreement dated August 31, 2017, the accounts payable have risen by over \$127,000 and ownership has promised numerous times to inject funds but have still not injected anything.

Your inability to pay basic bills including utilities is not sustainable and is a significant adverse change in your financial circumstances constituting the default under the agreement. Further, per the agreement, you now have 10 days to rectify this default. Should you have any questions, please feel free to call.

Yours Truly,

Ken Fedoretz  
VP Business Development







CARSCALLEN LLP

November 3, 2017

EMAIL

Douglas Robertson LLP  
Suite 330, 1414-8th Street SW  
Calgary, Alberta  
T2R 1J6

Attention: Ryan C. Robertson

Dear Sir:

**Re: Agreement: Paragon Capital Corporation Ltd. & Starke Dominion Ltd.**  
**Dated August 31, 2017**

THIS IS EXHIBIT " G "  
referred to in the Affidavit of  
Ken Fedoretz  
Sworn before me this 8  
day of Feb. A.D. 20 18

*[Signature]*  
A Commissioner for Oaths  
in and for the Province of Alberta

**MICHAEL J. WHITING**  
**Barrister & Solicitor**

Michael J. Whiting

Direct Line: (403) 298-8473  
whiting@carscallen.com

File No. 27064.005

As you are aware, Carscallen LLP is legal counsel for Paragon Capital Corporation Ltd. ("Paragon").

On August 31, 2017, Paragon and Starke Dominion Ltd. ("Starke") entered into an Agreement to address, *inter alia*, certain funds owed by Starke to Paragon (the "Agreement"). Attached to the Agreement is a Consent Redemption Order - Listing (the "Consent Order") that you consented to on behalf of Starke.

Starke has defaulted under the terms of the Agreement, specifically paragraph 12(i), and written notification of the default was sent to Starke as required by the Agreement. The ten (10) day period provided for in the Agreement has passed, and Starke has failed to remedy the default. Accordingly, Paragon is now in a position to proceed with having the Consent Order signed and filed, and has instructed our office to proceed accordingly.

We note that the Agreement does not require Paragon to provide additional notice of its intention to proceed with the filing of the Consent Order, but as a courtesy to counsel, we are providing this correspondence.

As a side note, based on the pleadings that had been filed to date we understood that Starke was represented by Burnet, Duckworth & Palmer LLP, but we note that you consented to the Consent Order on behalf of Starke. We have not been provided with a Change of Representation, so we would like to clarify who is acting for Starke at this point. If Burnet,

## Michael Whiting

---

**From:** Michael Whiting  
**Sent:** Sunday, November 5, 2017 1:08 PM  
**To:** 'rmartz@bdplaw.com'  
**Subject:** FW: Starke Dominion Ltd.  
**Attachments:** 20171103171522050.pdf

Robert,

As directed by Mr. Robertson below, attached please find a copy of our correspondence addressed to him on Friday.

Regards,  
Michael

---

**From:** Ryan Robertson [<mailto:RRobertson@douglasrobertson.ca>]  
**Sent:** Friday, November 3, 2017 5:17 PM  
**To:** Michael Whiting  
**Subject:** Re: Starke Dominion Ltd.

Thanks. Better send to BDP too. Attention Rob Martz.

Kind Regards,

**Ryan Robertson**  
*Partner*

**Douglas Robertson LLP**  
#330, 1414 – 8<sup>th</sup> Street SW  
Calgary, Alberta T2R 1J6

Phone: (403) 407-2620  
Fax: (403) 407-2606  
[douglasrobertson.ca](http://douglasrobertson.ca)

The information in this e-mail is intended to be confidential and only for review and use by the parties indicated above. The information in this e-mail is protected by solicitor and client privilege and by other legal principles relating to confidentiality. If this message has reached a party other than the intended recipient(s), you are hereby notified that the review, retention, dissemination, use or copying of this e-mail is strictly prohibited. If you receive this e-mail in error, please notify us immediately by e-mail reply. Thank you.

On Nov 3, 2017, at 5:15 PM, Michael Whiting <[Whiting@carscallen.com](mailto:Whiting@carscallen.com)> wrote:

Please see attached

Michael Whiting

Barrister & Solicitor  
Carscallen LLP  
Centrium Place

900, 332 6 Avenue SW  
Calgary, Alberta T2P 0B2  
Phone: (403) 298-8473  
Fax: (403) 262-2952  
Email: [Whiting@carscallen.com](mailto:Whiting@carscallen.com)

Website: [www.carscallen.com](http://www.carscallen.com)

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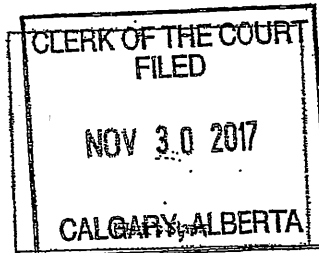
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<20171103171522050.pdf>



SCHEDULE "A"

COURT FILE NUMBER 1701-08853  
 COURT Queen's Bench of Alberta  
 JUDICIAL CENTRE Calgary  
 PLAINTIFF Paragon Capital Corporation Ltd.  
 DEFENDANT Starke Dominion Ltd.  
 DOCUMENT CONSENT REDEMPTION ORDER - LISTING  
 PARTY FILING THIS DOCUMENT Carscallen LLP  
 ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT Carscallen LLP  
 1500, 407 - 2nd Street S.W.  
 Calgary, Alberta T2P 2Y3  
 Telephone: (403) 262-3775  
 Attention: Michael J. Whiting  
 File No.:



DATE ON WHICH ORDER WAS PRONOUNCED:	NOV 6, 2017
LOCATION WHERE ORDER WAS PRONOUNCED:	Calgary, Alberta
NAME OF MASTER WHO MADE THIS ORDER:	J. L. MASON

Upon the application of the Plaintiff; and upon reading the Statement of Claim, the Affidavit of Default, the Certified Copy of Title and the Affidavit of Value and Valuator's Report and evidence of service thereof; and upon hearing counsel for the Plaintiff; and upon noting the consent of the Defendant;

- ☒ no one appearing for the Defendant; *J.M.*  
☐ hearing from the Defendant;  
☐ hearing from counsel for the Defendant;

IT IS HEREBY ORDERED AND DECLARED THAT:

- I. In this Order the mortgaged lands are the following:

THIS IS EXHIBIT "H"  
 referred to in the Affidavit of  
Ken Fedavetz  
 Sworn before me this 8  
 day of Feb. A.D. 20 18

*[Signature]*  
 Commissioner for Oaths  
 in and for the Province of Alberta

MICHAEL J. WHITING  
 Barrister & Solicitor

PLAN A1  
BLOCK 74  
LOTS 21 to 34 Inclusive  
EXCEPTING THEREOUT THE ROAD WIDENING ON PLAN S211695  
EXCEPTING THEREOUT ALL MINES AND MINERALS

2. The Mortgage described in the Statement of Claim is a valid and enforceable Mortgage over the mortgaged lands.
3. There is outstanding, due and owing to the Plaintiff under the Mortgage the sum of \$25,418,144.26 as at the 8<sup>th</sup> day of August, 2017, plus reasonable costs on a solicitor and client full indemnity basis, plus interest thereafter at the mortgage rate, plus other amounts chargeable under the Mortgage (the "Indebtedness"). Prior to the entry of this Order, the Assessment Officer may check the amounts claimed in the Statement of Secured Indebtedness, including the particulars provided in the Affidavit of Default and the Plaintiff's calculations. If the Assessment Officer returns this Order unentered then the Plaintiff may either submit a corrected Order or seek the advice and direction of the Court. The requirement for service of documents prior to entry of this Order, set out in Rule 9.35 (1) (a) is hereby waived.
4. The Defendant and subsequent encumbrancers have one month from service of this Order upon them to apply to vary the amount declared owing pursuant to the preceding paragraph with respect to any amounts not disclosed in the Affidavit of Default served in support of the application for this Order.
5. The Defendant or anyone else entitled to do so shall have until <sup>March 1, 2018</sup> ~~February 9, 2018~~ (the "Redemption Date") to repay the Indebtedness, failing which the mortgaged lands shall be offered for sale in the manner described in the Judicial Listing Agreement attached to this Order. Subject to any further Order of the Court, and subject to paragraph 12 of this Order, this action is stayed until the Redemption Date. JM.
6. If the Defendant, or anyone entitled to do so, repays the Indebtedness prior to the mortgaged lands being sold or foreclosed in these proceedings, then the Plaintiff shall provide to the person who paid the Indebtedness, at the election of such person, either a registrable discharge of the Mortgage, or a registrable transfer of the Mortgage.
7. Provided that the mortgage has not matured, if the Defendant, or anyone entitled to do so, pays all arrears owing under the mortgage, including solicitor and client costs on full indemnity basis, and cures all events of default under the terms of the Mortgage and related security, then this action is stayed so long as payments under the Mortgage remain current.
8. If the Indebtedness has not been repaid by the Redemption Date, then the mortgaged lands shall be listed for sale with Gary B. Beres, or such other licensed real estate agent (the "Realtor") to be mutually agreed upon by the Plaintiff and Defendant in the event Gary B. Beres is unwilling or unable to act as the Realtor, upon the terms and conditions mentioned in the Judicial Listing Agreement, attached to this Order.

9. The Realtor shall be entitled to post a "FOR SALE" sign of the type customarily posted by a realtor at a conspicuous location on the mortgaged lands, which sign shall remain during the period of the Judicial Listing and shall not be interfered with by any person.
10. During the period of the Judicial Listing ordered herein, the Defendant and any person in possession of the mortgaged lands shall cooperate with the Realtor, and shall allow access to the mortgaged lands to the Realtor, any representative of the Realtor, any other realtor approved by the Realtor, and any prospective purchaser, upon receiving (24) hours written notice given by the Realtor for a viewing between 8:00 A.M. and 8:00 P.M. The written notice may be posted on the front door of the premises located on the mortgaged lands.
11. Any and all other real estate listings relative to the mortgaged lands shall be cancelled during the period of the Judicial Listing ordered herein.
12. If the mortgaged lands become vacant or abandoned during the course of this action then the Plaintiff may enter the mortgaged lands for the purpose of doing any and all things necessary to preserve them, and the Plaintiff shall not be considered a mortgagee in possession or trespasser.
13. The Plaintiff is awarded reasonable costs of this action on a solicitor and own client full indemnity basis, which shall be assessed at a future date without notice unless the Defendant filed a Statement of Defence, or filed a Demand for Notice, or appeared at the application where this Order was granted, in which case, unless the Defendant has approved the amount of costs sought, the Plaintiff shall have such costs assessed on notice pursuant to Rule 10.37.

MASTER IN CHAMBERS

Consented to this \_\_\_\_\_ day of August, 2017.  
BURNET, DUCKWORTH & PALMER LLP

Counsel for the Defendant,  
Starke Dominion Ltd.

Consented to this 1 day of September, 2017

Ryan C. Robertson  
Barrister & Solicitor & A Commissioner  
for Oaths in and for Alberta

Counsel for the Defendant,  
Starke Dominion Ltd



JUDICIAL LISTING AGREEMENT

TO: The Realtor

1. You are hereby given authority as an officer of the Court to list for sale the mortgaged lands with the Multiple Listing Service, if any, in effect in the area in which the property is located.
2. The mortgaged lands shall be offered for sale subject to registered encumbrances, liens and interests prior to the Plaintiff's mortgage but free and clear of all registered encumbrances, liens and interests subsequent to the Plaintiff's mortgage.
3. The listing price shall be \$32,000,000.00 or such higher value as you may recommend after reviewing the fair market value of the lands as determined by an appraisal and Affidavit of Value to be obtained by the Plaintiff prior to the commencement of the Judicial Listing.
4. The listing shall take effect on the later of the day after the Redemption Date or the date the listing is accepted in writing by the realtor, and shall continue for a period of 90 days thereafter.
5. Within a reasonable time of receiving any offer, you shall forward a true copy of the said offer to counsel for the Plaintiff. If the offer is insufficient to pay out the Plaintiff it may be rejected by the Plaintiff. Otherwise counsel for the Plaintiff shall either apply without notice to reject an offer or apply on notice for the Court to consider that offer. Where the Plaintiff rejects an offer, or obtains an Order without notice rejecting an offer, it shall forthwith serve the Defendant and subsequent encumbrancers with a copy of such offer.
6. If no offers are received during the listing period, you shall so advise counsel for the Plaintiff in writing, immediately following the expiry of the judicial listing.
7. In the event that, as a result of the listing, a Purchaser is introduced whose offer is accepted by the Court, and the transaction is completed by the Purchaser paying the full purchase price and title is registered in the name of the Purchaser or its nominee, then, in such event, you will receive a commission as follows:  
  
3% or such lesser amount as may agreed by you -- plus applicable taxes thereon
8. You shall have a first charge against the sale proceeds in the amount of any commission payable hereunder. If the Court accepts an offer to purchase and the Purchaser fails to complete the purchase, and the Court does not order relief from forfeiture of the deposit, you will retain, as compensation for services rendered, fifty per cent (50%) of the said deposit (provided such amount does not exceed the commission payable had the sale been fully completed) and you will pay the balance of the deposit to counsel for the Plaintiff to be applied against the Indebtedness.

9. If the Defendant, any subsequent encumbrancer, or anyone else entitled to do so, pays all principal, interest and other amounts owing under the mortgage at any time after the Judicial Listing takes effect, or brings the mortgage current after the Judicial Listing takes effect, there shall be paid as part of the costs of redemption, the reasonable expenses incurred by you as the realtor during this Judicial Listing.
10. All offers submitted pursuant to the Judicial Listing shall, subject to further Order of the Court:
  - (a) be in writing and shall be signed by the offeror; and
  - (b) be subject to the approval and acceptance by the Court on such terms as the Court considers appropriate; and
  - (c) provide for a possession date to be determined by the Court; and
  - (d) contain and be subject to the terms and conditions as are contained in Schedule "A" which is attached to these directions; and
  - (e) be accompanied by a certified cheque or money order payable to your real estate company for the deposit amount referred to in the offer.
11. Nothing in the listing shall:
  - (a) affect the right of the Defendant or anyone else entitled to do so to pay all principal, interest and other amounts owing under the mortgage, or to bring the mortgage current or to privately sell the mortgaged lands;
  - (b) affect the Plaintiff's right to make a proposal to purchase the mortgaged property, if applicable or otherwise acquire the mortgaged property after the expiry of the Judicial Listing without liability for any real estate commission or any other compensation payable to the Realtor hereunder;
  - (c) create or impose any liability on the Plaintiff or the Court for the payment of any real estate commission or other compensation arising out of this listing.
12. The terms of the listing may be modified by the Court on application of any party or subsequent encumbrancer on two day's notice.

ACCEPTED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2018

By: \_\_\_\_\_  
An Agent licensed pursuant to the *Real Estate Act*, R. S. A.  
2000, c. R-5

APPROVED this \_\_\_\_\_ day of \_\_\_\_\_, 2018.

\_\_\_\_\_  
M.C.C.Q.B.A.

SCHEDULE "A" TO THE REAL ESTATE PURCHASE CONTRACT entered into between

THE COURT OF QUEEN'S BENCH OF ALBERTA (the "Seller") and

\_\_\_\_\_ (the "Buyer")

The terms of this schedule replace, modify or add to the terms of the agreement of purchase and sale (the "Real Estate Purchase Contract") to which this schedule is attached. Where there is any inconsistency between the terms of this Schedule and the Real Estate Purchase Contract, the provisions of this Schedule shall prevail.

AS IS - WHERE IS

1. The Buyer acknowledges and agrees to purchase the mortgaged lands, all buildings and improvements located on the mortgaged lands (the "Property"), and any and all fixtures ("Attached Goods") and chattels ("Unattached Goods") included in the Real Estate Purchase Contract or included in the sale of the property, "as is" and agrees with the Seller that neither the Seller, nor its agents or representatives have made any representations or warranties with respect to the Property or any Attached Goods or Unattached Goods included in the sale of the Property. Without limiting the generality of the foregoing, the Buyer agrees that neither the Seller nor its agents have made any representations or warranties with respect to:
  - a) the condition of any buildings or improvements located on the Property;
  - b) the condition of any Attached Goods or Unattached Goods included in the Real Estate Purchase Contract or otherwise sold with the Property;
  - c) whether the Property complies with any existing land use or zoning bylaws or regulations, or municipal development agreements or plans;
  - d) the location of any buildings and other improvements on the Property and whether such location complies with any applicable municipal bylaws or regulations;
  - e) whether or not any buildings or improvements located on the Property encroach onto any neighbouring lands or any easements or rights of way;
  - f) whether or not any buildings or improvements located on any neighbouring lands encroach onto the Property;
  - g) the size and dimensions of the Property or any building or improvements located thereon;
  - h) whether or not the Property is contaminated with any hazardous substance; and
  - i) whether or not any of the buildings or other improvements located on the Property have been insulated with urea formaldehyde insulation.

OWNERSHIP OF UNATTACHED GOODS

2. The Buyer agrees that the Seller is selling only such interest as it may have in any Attached goods or Unattached Goods referred to in the Real Estate Purchase Contract, or which may be located on the Property, and the Seller does not warrant that it has title to such Attached Goods or Unattached Goods. Further, the Buyer agrees that the Seller will not be liable for the removal of any chattels found on the Property prior to or on the date of closing. On closing,

\_\_\_\_\_  
Buyer's Initial

Date: \_\_\_\_\_

the Buyer may have possession of the Attached Goods and Unattached Goods which are then on or about the Property on an "as is" basis, and the Seller will not provide a Bill of Sale, Warranty, or other title document to the Buyer. Further, there will be no adjustment or abatement of any kind to the Purchase Price with respect to any Attached Goods or Unattached Goods.

#### REAL PROPERTY REPORT & COMPLIANCE

3. The Seller is not required to provide the Buyer with a real property report or compliance certificate. Should the Seller provide the Buyer with a copy of a survey or real property report, the Buyer agrees that any use of or reliance upon such document shall be at the Buyer's own risk. The Buyer must satisfy itself that the survey or real property report which the Seller might provide accurately reflects the Property and the buildings and improvements located thereon as they currently exist and the Seller shall not be responsible for any errors or omissions which might exist on such document. The Seller does not represent or warrant the accuracy or validity of the said survey or real property report or compliance certificate.

#### CONDOMINIUM

4. If the Property is a condominium:
  - a) the Seller is not required to provide any condominium documentation to the Buyer and the Buyer shall be solely responsible to obtain any condominium documentation he may require. Without limiting the generality of the foregoing, the Buyer may obtain on his own and at his sole costs and expenses any estoppel certificate, copy of the condominium bylaws and financial statement for the Condominium Corporation that he may require;
  - b) the Buyer must satisfy himself with the condition of the condominium unit, the common property, and the financial condition of the condominium corporation and agrees that neither the Seller nor its agents, have made any representations or warranties pertaining to same including, without limiting the generality of the foregoing, the adequacy of any reserve fund the condominium corporation might have, any potential special assessments which might be levied by the condominium corporation or the existence of any legal actions pending against the condominium corporation;
  - c) the Seller shall be responsible for amounts payable up to the closing date on account of any condominium fees and special assessments levied by the condominium corporation.

#### GOODS AND SERVICES TAX (G.S.T.)

5. In addition to the purchase price payable thereunder, the Buyer shall pay to the Seller and indemnify the Seller against all Goods and Services Tax ("G.S.T.") payable on the purchase price as required by the Excise Tax Act. The Seller will not provide to the Buyer a Certificate of Exempt Supply, or any other certificate certifying that this purchase and sale transaction is not subject to the Goods and Services Tax. Should the Seller fail to collect G.S.T. from the Buyer, it shall not be construed by the Buyer as a certification by the Seller that no G.S.T. is payable by the Buyer hereunder, and the Buyer shall remain liable for any G.S.T. which might be payable with respect to this transaction.

#### ACCEPTANCE BY FACSIMILE

6. The Seller and Buyer agree that this contract may be signed in counterpart, and the acceptance of this offer communicated or confirmed by facsimile transmission shall be binding upon the parties. The Buyer agrees to promptly deliver an executed original Real Estate Purchase Contract to the Seller.

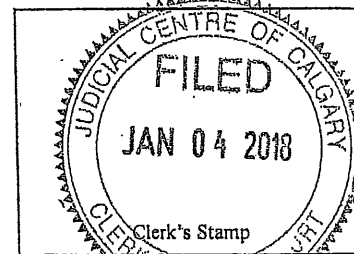
#### FORECLOSURE PROCEEDING

7. This offer is being made pursuant to or in a Court of Queen's Bench foreclosure proceeding and, as such, the Offer may be accepted only by Order of said Court and is subject to the terms of that Order. Any agreement arising out of the Seller's acceptance of this Offer is conditional upon the approval thereof by the said Court.

\_\_\_\_\_  
Buyer's Initial  
Date: \_\_\_\_\_



I hereby certify this to be a true copy of  
the original order  
Dated this 24 day of Jan 2018  
for Clerk of the Court



COURT FILE NUMBER 1701-08853  
COURT Queen's Bench of Alberta  
JUDICIAL CENTRE Calgary  
PLAINTIFF Paragon Capital Corporation Ltd.  
DEFENDANT Starke Dominion Ltd.  
DOCUMENT **ORDER**  
PARTY FILING THIS DOCUMENT Paragon Capital Corporation Ltd.  
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT Carscallen LLP  
900, 332 - 6<sup>th</sup> Avenue SW  
Calgary, Alberta T2P 0B2  
Telephone: (403) 262-3775  
Attention: Michael J. Whiting  
File No.: 27064.005  
Box 11

THIS IS EXHIBIT "I"  
referred to in the Affidavit of  
Ken Fedoretz  
Sworn before me this 8  
day of Feb A.D. 20 18  
A Commissioner for Oaths  
in and for the Province of Alberta

**MICHAEL J. WHITING**  
Barrister & Solicitor

DATE ON WHICH ORDER WAS PRONOUNCED:	December 14, 2017
LOCATION WHERE ORDER WAS PRONOUNCED:	Calgary, Alberta
NAME OF MASTER WHO MADE THIS ORDER:	J.L. Mason

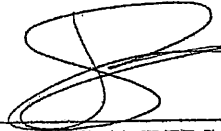
Upon the Application of the Plaintiff; and upon reading the Consent Redemption Order - Listing granted by Master J.L. Mason on November 6, 2017; and upon hearing counsel for the Plaintiff; and upon the consent of the Defendant and the consent of counsel for the subsequent encumbrancer, Multus Investment Corporation;

       no one appearing for the Defendant;  
  X   hearing from the Defendant;  
       hearing from counsel for the Defendant;

**IT IS HEREBY ORDERED AND DECLARED THAT:**

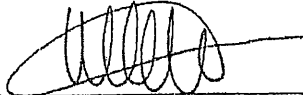
1. The Consent Redemption Order - Listing granted on November 6, 2017 (the "Redemption Order") in this Action shall be amended as follows:
  - (a) The Redemption Date defined in paragraph 5 of the Redemption Order shall be changed from March 1, 2018 to February 1, 2018; and

- (b) The listing price for the Lands set forth in paragraph 3 of the Judicial Listing Agreement attached to the Redemption Order shall be changed from \$32,000,000.00 to \$31,000,000.00.



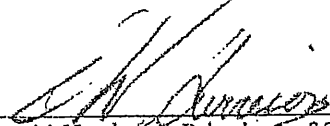
MASTER IN CHAMBERS

Approved as to the form of the Order granted  
this 21 day of December, 2017  
LLEWELLYN LAW



for Clive Llewellyn, Meenu Anluwala  
Counsel for Multus Investment Corporation

Approved as to the form of the Order granted  
this 21<sup>st</sup> day of December, 2017

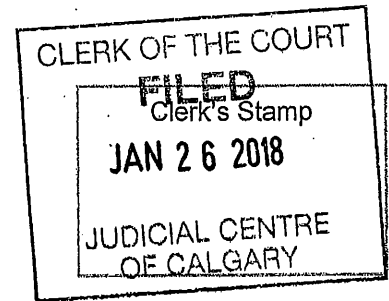


David Harrison - Principal of Starke Dominion Ltd.





COURT FILE NUMBER 1701-08853  
COURT QUEEN'S BENCH OF ALBERTA  
JUDICIAL CENTRE CALGARY



IN THE MATTER OF THE BANKRUPTCY AND  
INSOLVENCY OF STARKE DOMINION LTD.

PLAINTIFF PARAGON CAPITAL CORPORATION LTD.  
(APPLICANT)

DEFENDANT STARKE DOMINION LTD.  
(RESPONDENT)

DOCUMENT RECEIVER MANAGER ORDER

ADDRESS FOR SERVICE  
AND CONTACT  
INFORMATION OF PARTY  
FILING THIS DOCUMENT

**Carscallen LLP**  
900, 332 – 6 Avenue S.W.  
Calgary, Alberta T2P 0B2  
Telephone: (403) 262-3775  
Fax No.: (403) 262-2952  
Attention: Michael J. Whiting  
File No.: 27064.005

THIS IS EXHIBIT " I "  
referred to in the Affidavit of  
Ken Fedoretz

Sworn before me this 8  
day of Feb A.D. 20 18

[Signature]  
A Commissioner for Oaths  
in and for the Province of Alberta

**MICHAEL J. WHITING**  
*Barrister & Solicitor*

DATE ON WHICH ORDER WAS PRONOUNCED: Friday, January 26, 2018  
NAME OF JUSTICE WHO MADE THIS ORDER: The Honourable Justice Romaine  
LOCATION OF HEARING: Calgary, Alberta

**UPON** the Application of Paragon Capital Corporation Ltd. ("**Paragon**"), in respect of Starke Dominion Ltd. (the "**Debtor**"); **AND UPON** having read the Application, the Affidavit of Ken Fedoretz and the Affidavit of Service of Melanie Ferster, filed; **AND UPON** reading the consent of Alvarez & Marsal Canada Inc. to act as the Receiver or Receiver and Manager (the "**Receiver**"), filed; **AND UPON** hearing counsel for Paragon, and other interested parties; **IT IS HEREBY ORDERED AND DECLARED THAT:**

## SERVICE

1. The time for service of the notice of application for this Order is hereby abridged and service thereof is deemed good and sufficient.

## APPOINTMENT

2. Pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 ("BIA"), sections 13(2) of the *Judicature Act*, R.S.A. 2000, c.J-2, and 49 of the *Law of Property Act*, R.S.A. 2000, c L-7, Alvarez & Marsal Canada Inc. is hereby appointed Receiver Manager, without security, of the lands and premises legally described as:

PLAN A1  
BLOCK 74  
LOTS 21 TO 24 INCLUSIVE  
EXCEPTING THEREOUT THE ROAD WIDENING ON PLAN 8211695  
EXCEPTING THEREOUT ALL MINES AND MINERALS

and the undertaking, property and assets of the Debtor situate upon or relating to said lands (collectively, the "Property").

## RECEIVER'S POWERS

3. The Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:
  - (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
  - (b) to receive, preserve and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;

- (c) to manage, operate and carry on the business associated with the Property, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor related to the Property, which includes continuing to pay the monthly interest payments on the loan (secured by mortgage) to Paragon as cash flow permits;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease machinery, equipment, inventories, supplies, premises or other assets to continue the business associated with the Property;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor related to the Property, and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to execute, assign, issue and endorse documents of whatever nature in respect of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (h) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtor;
- (i) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate all matters relating to the Property, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (j) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;

- (k) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;
- (l) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations;

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

#### **DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER**

4. (i) The Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith grant immediate and continued access to the Property to the Receiver.
5. All Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business operations at the Property, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or documents prepared in contemplation of litigation or due to statutory provisions prohibiting such disclosure.

6. If any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

#### **NO PROCEEDINGS AGAINST THE RECEIVER**

7. No proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

#### **NO PROCEEDINGS AGAINST ~~THE DEBTOR OR~~ THE PROPERTY**

8. No Proceeding against or in respect of the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way, with the exception of the within Action by Paragon, against or in respect of the Property are hereby stayed and suspended pending further Order of this Court, provided, however, that nothing in this Order shall: (i) prevent any Person from commencing a proceeding regarding a claim that might otherwise become barred by statute or an existing agreement if such proceeding is not commenced before the expiration of the stay provided by this paragraph 8; and (ii) affect a Regulatory Body's investigation in respect of the Debtor or an action, suit or proceeding that is taken in respect of the Debtor by or before the Regulatory Body, other than the enforcement of

a payment order by the Regulatory Body or the Court. **"Regulatory Body"** means a person or body that has powers, duties or functions relating to the enforcement or administration of an Act of Parliament or of the legislature of a province.

#### **NO EXERCISE OF RIGHTS OF REMEDIES**

9. All rights and remedies (including, without limitation, set-off rights) against the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any **"eligible financial contract"** (as defined in the BIA), and further provided that nothing in this paragraph shall (i) empower the Receiver to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

#### **NO INTERFERENCE WITH THE RECEIVER**

10. No Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor related to the Property or the business associated with the Property, without written consent of the Receiver or leave of this Court. Nothing in this Order shall prohibit any party to an eligible financial contract from closing out and terminating such contract in accordance with its terms.

#### **CONTINUATION OF SERVICES**

11. All Persons having oral or written agreements with the Debtor relating to the Property or the business associated with the Property, or statutory or regulatory mandates for the supply of goods and/or services to the Property or the business associated with the Property, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver.

## RECEIVER TO HOLD FUNDS

12. All funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from the Property, including without limitation the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into new accounts for the Debtor to be opened by the Receiver (the “**Post Receiver Accounts**”) and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further order of this Court.

## EMPLOYEES

13. Subject to employees’ rights to terminate their employment, all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor’s behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*, S.C. 2005, c.47 (“**WEPPA**”).

## LIMITATION ON ENVIRONMENTAL LIABILITIES

14. (a) Notwithstanding anything in any federal or provincial law, the Receiver is not personally liable in that position for any environmental condition that arose or environmental damage that occurred:
- (i) before the Receiver's appointment; or
  - (ii) after the Receiver's appointment unless it is established that the condition arose or the damage occurred as a result of the Receiver's gross negligence or wilful misconduct.

- (b) Nothing in sub-paragraph (a) exempts a Receiver from any duty to report or make disclosure imposed by a law referred to in that sub-paragraph.
- (c) Notwithstanding anything in any federal or provincial law, but subject to sub-paragraph (a) hereof, where an order is made which has the effect of requiring the Receiver to remedy any environmental condition or environmental damage affecting the Property, the Receiver is not personally liable for failure to comply with the order, and is not personally liable for any costs that are or would be incurred by any person in carrying out the terms of the order,
  - (i) if, within such time as is specified in the order, within 10 days after the order is made if no time is so specified, within 10 days after the appointment of the Receiver, if the order is in effect when the Receiver is appointed, or during the period of the stay referred to in clause (ii) below, the Receiver:
    - A. complies with the order, or
    - B. on notice to the person who issued the order, abandons, disposes of or otherwise releases any interest in any real property affected by the condition or damage;
  - (ii) during the period of a stay of the order granted, on application made within the time specified in the order referred to in clause (i) above, within 10 days after the order is made or within 10 days after the appointment of the Receiver, if the order is in effect when the Receiver is appointed, by,
    - A. the court or body having jurisdiction under the law pursuant to which the order was made to enable the Receiver to contest the order; or
    - B. the court having jurisdiction in bankruptcy for the purposes of assessing the economic viability of complying with the order; or



- (iii) if the Receiver had, before the order was made, abandoned or renounced or been divested of any interest in any real property affected by the condition or damage.

### **LIMITATION ON THE RECEIVER'S LIABILITY**

- 15. Except for gross negligence or wilful misconduct, as a result of its appointment or carrying out the provisions of this Order the Receiver shall incur no liability or obligation that exceeds an amount for which it may obtain full indemnity from the Property. Nothing in this Order shall derogate from any limitation on liability or other protection afforded to the Receiver under any applicable law, including, without limitation, Section 14.06, 81.4(5) or 81.6(3) of the BIA.

### **RECEIVER'S ACCOUNTS**

- 16. The Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case, incurred at their standard rates and charges. The Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "Receiver's Charge") on the Property, as security for such fees and disbursements, incurred both before and after the making of this Order in respect of these proceedings, and the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person but subject to section 14.06(7), 81.4(4), 81.6(2) and 88 of the BIA.
- 17. The Receiver and its legal counsel shall pass their accounts from time to time.
- 18. Prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including the legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

### **FUNDING OF THE RECEIVER MANAGER**

- 19. The Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or

desirable, provided that the outstanding principal amount does not exceed \$250,000.00 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the “**Receiver's Borrowings Charge**”) as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges set out in sections 14.06(7), 81.4(4) and 81.6(2) and 88 of the BIA.

20. Neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.
21. The Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule “A” hereto (the “**Receiver's Certificates**”) for any amount borrowed by it pursuant to this Order.
22. The monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

#### **ALLOCATION**

23. Any interested party may apply to this Court on notice to any other party likely to be affected, for an order allocating the Receiver's Charge and Receiver's Borrowings Charge amongst the various assets comprising the Property.

#### **GENERAL**

24. The Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

25. Notwithstanding Rule 6.11 of the *Alberta Rules of Court*, unless otherwise ordered by this Court, the Receiver will report to the Court from time to time, which reporting is not required to be in affidavit form and shall be considered by this Court as evidence.
26. Nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.
27. 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 and 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.
28. The Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.
29. The Plaintiff shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of the Plaintiff's security or, if not so provided by the Plaintiff's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.
30. Any interested party may apply to this Court to vary or amend this Order on not less than 7 days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

#### **FILING**

31. The Receiver shall establish and maintain a website in respect of these proceedings at [www.alvarezandmarsal.com/starkedominion](http://www.alvarezandmarsal.com/starkedominion) and shall post there as soon as practicable:

- (a) all materials prescribed by statute or regulation to be made publically available;  
and
- (b) all applications, reports, affidavits, orders and other materials filed in these proceedings by or on behalf of the Receiver, or served upon it, except such materials as are confidential and the subject of a sealing order or pending application for a sealing order.



---

Justice of the Court of Queen's Bench of Alberta

**RECEIVER CERTIFICATE**

CERTIFICATE NO. \_\_\_\_\_

AMOUNT \$ \_\_\_\_\_

1. THIS IS TO CERTIFY that Alvarez & Marsal Canada Inc., the interim receiver and receiver and manager (the "**Receiver**") of all of the assets, undertakings and properties of Starke Dominion Ltd. appointed by Order of the Court of Queen's Bench of Alberta and Court of Queen's Bench of Alberta in Bankruptcy and Insolvency (collectively, the "**Court**") dated the 19<sup>th</sup> day of January, 2018 (the "**Order**") made in action number 1701-08853, has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of \$ \_\_\_\_\_, being part of the total principal sum of \$ \_\_\_\_\_ which the Receiver is authorized to borrow under and pursuant to the Order.
2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded monthly not in advance on the \_\_\_\_\_ day of each month after the date hereof at a notional rate per annum equal to the rate of \_\_\_\_\_ per cent above the prime commercial lending rate of Bank of \_\_\_\_\_ from time to time.
3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and the Bankruptcy and Insolvency Act, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.
4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at •.
5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the

Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property) as authorized by the Order and as authorized by any further or other order of the Court.
7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the \_\_\_\_\_ day of \_\_\_\_\_, 2018.

Alvarez & Marsal Canada Inc., solely in its  
capacity as Receiver of the Property, and not in its  
personal capacity

Per: \_\_\_\_\_

Name:

Title:



# ACCOUNT CLOSING STATEMENT



1200, 1015 4th Street SW, Calgary, AB T2R 1J4  
tel. 403.263.6446 fax. 403.263.6445  
www.paragoncorp.ca

<b>BORROWER</b>
Starke Dominion Ltd. #910, 906 - 12th Avenue SW Calgary AB T2R 1K7

ACCOUNT NO.	1274
STATEMENT CLOSING DATE	1/31/2018

STATEMENT SUMMARY	
Payoff Amount	\$25,563,305.20
Payoff Due Date	2/1/2018
After 2/1/2018, please pay an additional \$3,972.84 per day. This notice expires on 2/11/2018, at which time you are instructed to contact this office for additional instructions.	
Interest Rate	5.700%
Daily Periodic Rate	0.015616%
Average Daily Balance	\$25,443,553.04
Property: 908 - 12th Avenue SW Calgary AB	

PLEASE DETACH THE TOP PORTION OF THIS STATEMENT AND RETURN IT WITH YOUR PAYMENT

Please advise us immediately of any discrepancies in the transactions or investment activity on your closing statement or if you contemplate changing your address. When making inquiries by telephone or in writing please give your account number. We urge you to keep this statement with your investment records.

## ACCOUNT ACTIVITY

Date	Reference	Description	Reserve	Charges	Credits	Balance
1/1/2018		Balance Forward				\$25,546,228.52
1/2/2018	INTEREST	Payment Received - Thank You			\$118,750.00	\$25,427,478.52
1/2/2018	LEGAL FEES	Carscallen legal fees re litigation paid by Paragon.		\$12,652.00		\$25,440,130.52
1/15/2018	PAY DOWN	Principal PayDown	-\$2,000,000.00			\$25,440,130.52
1/15/2018	ADVANCE	Funds Advanced	\$2,000,000.00			\$25,440,130.52
1/31/2018		Interest Charge		\$123,174.68		\$25,563,305.20
			\$0.00	\$135,826.68	\$118,750.00	

## INTEREST CHARGE SUMMARY

Balance Date	Daily Balance	Days	Daily Periodic Rate	Interest Rate	Finance Charges
1/1/2018	\$25,546,228.52	1	0.015616%	5.700%	\$3,989.41
1/2/2018	\$25,440,130.52	30	0.015616%	5.700%	\$119,185.27
		31			\$123,174.68

THIS IS EXHIBIT "K"  
referred to in the Affidavit of  
Ken Fedoretz  
Sworn before me this 8  
day of Feb, A.D. 20 18

A Commissioner for Oaths  
in and for the Province of Alberta

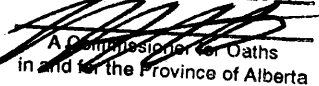
**MICHAEL J. WHITING**  
Barrister & Solicitor

\$25,000,000 Principal  
151,951.96 Interest  
411,353.24 Renewal + Legal Fees  
25,563,305.20



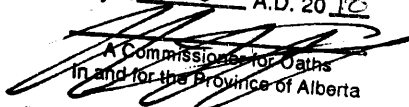


Stärke Development Ltd. Dominion Place Building - In Receivership Rolling Cash Flow Forecast SCAD 000's														TOTAL	
Week Ending Date	Week 1 02-Feb-18	Week 2 09-Feb-18	Week 3 16-Feb-18	Week 4 23-Feb-18	Week 5 02-Mar-18	Week 6 09-Mar-18	Week 7 16-Mar-18	Week 8 23-Mar-18	Week 9 30-Mar-18	Week 10 06-Apr-18	Week 11 13-Apr-18	Week 12 20-Apr-18	Week 13 27-Apr-18		
<b>RECEIPTS</b>															
Rental (including parking and GST)	76	115	25	25	115	42	42	42	-	115	42	42	42	724	(75)
Inducements	-	-	-	-	-	-	-	-	-	-	-	-	-		
Other	-	-	-	-	-	-	-	-	-	-	-	-	-		
<b>Total operating receipts</b>	<b>76</b>	<b>90</b>	<b>25</b>	<b>25</b>	<b>115</b>	<b>17</b>	<b>42</b>	<b>42</b>	<b>-</b>	<b>115</b>	<b>17</b>	<b>42</b>	<b>42</b>	<b>649</b>	
<b>DISBURSEMENTS</b>															
Mortgage interest	-	103	-	-	88	-	-	-	-	88	-	-	-	279	
Property tax	-	-	-	52	-	-	52	-	-	52	-	-	-	156	
Property tax - parking	2	-	-	-	-	-	2	-	-	2	-	-	-	5	
Insurance	-	-	-	3	-	-	-	-	-	6	-	-	-	8	
Management Fee	13	-	-	-	-	-	-	-	-	13	-	-	-	38	
Subcontractor costs	-	2	-	2	-	-	2	-	-	2	-	-	-	6	
Utilities	-	-	-	30	-	-	30	-	-	-	30	-	-	90	
Repairs and maintenance	-	30	55	40	-	-	40	-	-	-	40	-	-	205	
Miscellaneous expenses	-	-	-	15	-	-	15	-	-	15	-	-	-	45	
GST Remittance	-	-	-	12	-	-	11	-	-	-	11	10	-	33	
Contingency	-	-	-	10	-	-	10	-	-	-	-	-	10	30	
<b>Total operating costs</b>	<b>14</b>	<b>135</b>	<b>55</b>	<b>163</b>	<b>88</b>	<b>13</b>	<b>162</b>	<b>-</b>	<b>-</b>	<b>161</b>	<b>85</b>	<b>10</b>	<b>10</b>	<b>896</b>	
<b>Net operating cash flow</b>	<b>62</b>	<b>(45)</b>	<b>(30)</b>	<b>(139)</b>	<b>27</b>	<b>5</b>	<b>(120)</b>	<b>42</b>	<b>-</b>	<b>(46)</b>	<b>(68)</b>	<b>32</b>	<b>32</b>	<b>(246)</b>	
<b>Non-Operating Disbursements</b>															
Interest on Receiver Borrowing	-	-	0	1	1	1	1	1	1	1	1	1	1	8	
Professional fees	-	-	45	45	25	25	25	25	1	1	1	25	25	103	
<b>Receiver's Borrowings</b>															
	-	-	150	50	-	-	50	-	-	50	50	-	-	350	
<b>NET CHANGE IN CASH FLOW</b>	<b>62</b>	<b>(45)</b>	<b>120</b>	<b>(134)</b>	<b>27</b>	<b>4</b>	<b>(70)</b>	<b>16</b>	<b>(1)</b>	<b>3</b>	<b>(19)</b>	<b>6</b>	<b>31</b>	<b>1</b>	
Opening cash balance	39	101	57	176	42	69	73	3	19	19	22	3	9	39	
Net change in cash flow	62	(45)	120	(134)	27	4	(70)	16	(1)	3	(19)	6	31	1	
Ending cash balance	101	57	176	42	69	73	3	19	19	22	3	9	40	40	
<b>Maximum Receiver Certificate Borrowings</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>250</b>	
Opening balance	-	-	-	150	200	200	200	250	250	250	300	350	350	350	
Borrowings (repayments)	-	-	150	50	-	-	50	-	-	50	50	-	-	350	
Ending borrowing balance	-	-	150	200	200	200	250	250	250	300	350	350	350	350	
Available balance in Receiver's Certificate	250	250	100	50	50	50	-	-	-	(50)	(100)	(100)	(100)	(100)	

THIS IS EXHIBIT " L " referred to in the Affidavit of Ken Fedoretz  
Sworn before me this 8 day of Feb A.D. 20 18  
  
A Commissioner for Oaths  
in and for the Province of Alberta

**MICHAEL J. WHITING**  
Barrister & Solicitor



THIS IS EXHIBIT " M "  
referred to in the Affidavit of  
Ken Fedoretz  
Sworn before me this 8  
day of Feb A.D. 20 18  
  
A Commissioner for Oaths  
in and for the Province of Alberta  
**MICHAEL J. WHITING**  
*Barrister & Solicitor*

**From:** Beres, Garry @ Calgary [mailto:Garry.Beres@cbre.com]  
**Sent:** Wednesday, February 7, 2018 11:10 AM  
**To:** Ken Fedoretz <ken@paragoncorp.ca>  
**Subject:** FW: Dominion Place

Ken, to add to the email previously forwarded to you, we would provide pricing guidance to prospective purchasers of Dominion Place at the high end of our value range of \$19,610,000. We would expect the property to sell in the middle of the value range at \$19,000,000. We trust this is in order and would be pleased take the property to the market on your behalf. Thanks.

**From:** Beres, Garry @ Calgary  
**Sent:** January-31-18 2:08 PM  
**To:** 'Ken Fedoretz' <ken@paragoncorp.ca>  
**Cc:** Bhamra, Richie @ Calgary <Richie.Bhamra@cbre.com>  
**Subject:** Dominion Place

Hi Ken. Further to our recent discussions, we are pleased to enclose our valuation for Dominion Place. We would be happy to meet with you to review the valuation at your convenience. Thanks.

Garry B. Beres | Executive Vice President  
National Investment Team  
CBRE Limited | Capital Markets  
530 8th Avenue SW, Suite 500 | Calgary, AB T2P 3S8  
T +1 403 750 0522 | F +1 403 269 4202 | C +1 403 560 5322  
[garry.beres@cbre.com](mailto:garry.beres@cbre.com) | [www.cbre.ca/garryberes](http://www.cbre.ca/garryberes)

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## Dominion Place 10-Year Investment Horizon

Dominion Place - Valuation Summary								
Price	\$PSF	Avg. 5-Year			Unlevered IRR	TCR	Percent Above Market Rent	Average Expiry
		FY1 Yield	Yield					
\$19,610,000	\$141 PSF	7.75%	7.86%		9.45%	7.75%	23.6%	February 2022
\$19,000,000	\$136 PSF	8.00%	8.11%		9.88%	7.75%	23.6%	February 2022
\$18,430,000	\$132 PSF	8.25%	8.36%		10.30%	7.75%	23.6%	February 2022

<b>Adjustments</b>	
NPV of Above-Market Rent at 7.5%	\$650,000
NPV of Base Free Rent at 7.5%	(\$70,000)
Cost to Lease-Up Vacant Space	(\$2,160,000)
<b>Total Adjustments</b>	<b>(\$1,580,000)</b>

Adjusted Valuation	
Price	\$PSF
\$18,030,000	\$129 PSF
\$17,420,000	\$125 PSF
\$16,850,000	\$121 PSF

EXECUTIVE SUMMARY

PROPERTY DESCRIPTION

Property Type  
Property Address  
Site Size  
Land Use  
Year Built  
Underground Parking  
Parking Ratio

Belkline 1<sup>st</sup> Class Office  
906 12th Avenue SW, Calgary, AB  
42,204 SF  
CC-X  
1980  
204 Stalls  
1.5 Stalls per 1,000 SF

Net Rentable Area (NRA)  
Vacant NRA as of April 2018  
Occupancy as of April 2018  
W.A. In-Place Rent  
W.A. Market Rent  
% Above Market Rent  
WALT

139,365 SF  
49,646 SF  
64%  
\$15.44 PSF  
\$12.49 PSF  
24%  
3.9 Years

ACQUISITION & REVERSIONARY SUMMARY

Proposed Pricing at Market Rent  
NPV of Above-Market Rent at 7.5%  
NPV of Base Free Rent (Alberta Ballet Company)  
Cost to Lease-Up Vacant Space  
Adjusted Pricing

\$19,000,000  
\$650,000  
(\$70,000)  
(\$2,160,000)  
\$17,420,000

Proposed Cap Rate  
Proposed Price PSF  
Adjusted Price PSF  
Going-In Income  
Going-In Yield

8.00%  
\$136 PSF  
\$125 PSF  
\$1,019,076  
5.36%

LEVERAGE SUMMARY <sup>[1]</sup>

Status  
Start Date  
Initial OSB  
OSB as of Analysis Start Date  
Loan Term  
Maturity Date  
Amortization Period  
GovCan 5-Year Benchmark Bond Yield <sup>[2]</sup>  
Spread  
Interest Rate  
Annual Debt Service Costs

Treat as Clear Title  
April 2018  
\$9,500,000  
\$9,500,000  
5 Years  
March 2023  
25 Years  
2.08%  
2.50%  
4.58%  
\$636,039

Levered Returns  
Debt Coverage Ratio

	FY1	FY2	FY3
Levered Returns	7.56%	1.67%	5.61%
Debt Coverage Ratio	2.39x	2.34x	2.39x

LTV as of Analysis Start Date

50.0%

LEVERED IRR

13.46%

UNLEVERED IRR

9.88%

<sup>[1]</sup> Further debt information is provided on the page entitled "Leverage Assumptions."

<sup>[2]</sup> Current GovCan 5-Year Benchmark Bond yields are quoted as at January 31st, 2018.

This information has been obtained from sources believed reliable. While we do not doubt its accuracy, we have not verified it and make no guarantee, warranty or representation about it. It is your responsibility to confirm independently its accuracy and completeness. Any projections, opinions, assumptions or estimates used are for example only and do not represent the current or future performance of the property. The value of this transaction to you depends on tax and other factors which should be evaluated by your tax, financial, and legal advisors. You and your advisors should conduct a careful, independent investigation of the property to determine to your satisfaction the suitability of the property for your needs.

# SUMMARY OF FINANCIAL ASSUMPTIONS

GLOBAL		VACANT SPACE LEASING	
Analysis Period		Occupancy & Absorption	
Commencement Date	April 1, 2018	Current Vacancy as of April 2018	49,646 SF
End Date	March 31, 2028	Percentage Vacant	35.62%
Term	10 Years	Projected Vacancy as of Analysis Start Date	0 SF
Stabilized Vacancy Provision <sup>[1]</sup>	10.00%		
Growth Rates			
Consumer Price Index (CPI)	2.50%		
Other Income Growth Rate	2.50%	Operating Expense Source	2018 Budget
Operating Expenses	2.50%	Disposition Costs	2.00%
Property Taxes	2.50%		
		Structural Reserve	1.0% of EGR

<sup>[1]</sup> Stabilized Vacancy Provision is a percentage of Potential Gross Revenue.



VACANT SPACE ASSUMPTIONS <sup>(1)</sup>

Suite	NRA	Lease Start	Net Rental Rate	Lease Term	Tenant Improvements	Leasing Commissions	Downtime	COST TIA	COST LC	COST Downtime
<b>RETAIL</b>										
R-1107	1,961 SF	April 2018	\$20.00 PSF	5 Years	\$20.00 PSF	5.00%	8 Months	\$39,220	\$9,805	\$41,595
<b>OFFICE</b>										
200A	4,055 SF	April 2018	\$10.00 PSF	5 Years	\$40.00 PSF	\$10.00 PSF	12 Months	\$162,200	\$40,550	\$88,465
300	9,446 SF	April 2018	\$10.00 PSF	5 Years	\$40.00 PSF	\$10.00 PSF	12 Months	\$377,840	\$94,460	\$206,077
400	6,700 SF	April 2018	\$10.00 PSF	5 Years	\$40.00 PSF	\$10.00 PSF	12 Months	\$268,000	\$67,000	\$146,170
410	2,000 SF	April 2018	\$10.00 PSF	5 Years	\$40.00 PSF	\$10.00 PSF	12 Months	\$80,000	\$20,000	\$43,633
600	12,751 SF	April 2018	\$10.00 PSF	5 Years	\$40.00 PSF	\$10.00 PSF	12 Months	\$510,040	\$127,510	\$278,181
700	5,182 SF	April 2018	\$10.00 PSF	5 Years	\$40.00 PSF	\$10.00 PSF	12 Months	\$207,280	\$51,820	\$113,052
710	2,722 SF	April 2018	\$10.00 PSF	5 Years	\$40.00 PSF	\$10.00 PSF	12 Months	\$108,880	\$27,220	\$59,384
720	3,485 SF	April 2018	\$10.00 PSF	5 Years	\$40.00 PSF	\$10.00 PSF	12 Months	\$139,400	\$34,850	\$76,030
730	1,344 SF	April 2018	\$10.00 PSF	5 Years	\$40.00 PSF	\$10.00 PSF	12 Months	\$53,760	\$13,440	\$29,321
<b>Total Vacant Space</b>	<b>49,646 SF</b>							<b>\$1,946,620</b>	<b>\$486,655</b>	<b>\$1,081,908</b>
								<b>TOTAL LEASE-UP COST</b>		<b>\$2,163,817</b>

<sup>(1)</sup> It is assumed all vacant suites are leased up as of the Analysis Start Date. All lease up costs have been assumed to be incurred by the Vendor and are deducted from the price in the Executive Summary.

EXISTING VERSUS MARKET NET RENT COMPARISON

Suite	Tenant as of April 2018	NRA	Expiration Date	Existing Rent	Market Rent	Percentage Above/Below Market Rent
<b>RETAIL</b>						
R-100	Bow Valley Credit Union	1,973 SF	May 2020	\$27.00 PSF	\$28.00 PSF	-4%
R-100A	Bow Valley Credit Union	3,374 SF	May 2020	\$27.00 PSF	\$28.00 PSF	-4%
R-908	Tao Vietnamese	2,180 SF	April 2025	\$21.00 PSF	\$20.00 PSF	5%
R-910	Anna Ewinet	1,609 SF	April 2025	\$21.00 PSF	\$20.00 PSF	5%
R-912	Barron Tattoo	1,179 SF	September 2020	\$21.00 PSF	\$20.00 PSF	5%
R-914	Nail Haus	1,026 SF	July 2021	\$20.00 PSF	\$20.00 PSF	0%
R-918	Mikey's Bellline	4,482 SF	July 2027	\$22.00 PSF	\$25.00 PSF	-12%
R-920	Alberta Ballet Company	20,365 SF	July 2024	\$12.00 PSF	\$10.00 PSF	20%
<b>OFFICE</b>						
200	Starke Capital	1,000 SF	March 2019	\$11.00 PSF	\$10.00 PSF	10%
220	Sleeper Energy Canada	1,883 SF	March 2020	\$4.00 PSF	\$10.00 PSF	-60%
260	The Alberta Ballet Company	5,996 SF	July 2024	\$9.00 PSF	\$10.00 PSF	-10%
350	Hollis Wealth	2,438 SF	June 2020	\$18.00 PSF	\$10.00 PSF	80%
405	Framework Partners In	3,819 SF	September 2019	\$19.00 PSF	\$10.00 PSF	90%
500	GasCan Corp.	4,885 SF	November 2020	\$19.00 PSF	\$10.00 PSF	90%
510	Compass Tax LLP	4,750 SF	September 2021	\$18.00 PSF	\$10.00 PSF	80%
515	Compass Tax LLP	800 SF	September 2021	\$18.00 PSF	\$10.00 PSF	80%
520	Mcor Management	2,439 SF	April 2022	\$14.00 PSF	\$10.00 PSF	40%
800	QBI Asset Management	6,512 SF	June 2019	\$10.00 PSF	\$10.00 PSF	0%
820	Apex Energy Consulting	3,500 SF	October 2019	\$19.00 PSF	\$10.00 PSF	90%
825	Calgary Psychology Group	2,107 SF	February 2019	\$4.70 PSF	\$10.00 PSF	-53%
888	QBI Asset Management	627 SF	June 2019	\$0.00 PSF	\$10.00 PSF	-100%
900	Brookfield Global Relocation Services	4,783 SF	November 2018	\$18.00 PSF	\$10.00 PSF	80%
905	Estee Lauder Cosmetics	2,034 SF	April 2022	\$15.00 PSF	\$10.00 PSF	50%
908	Boon Trading	1,690 SF	September 2019	\$8.00 PSF	\$10.00 PSF	-20%
910	Flight Centre Travel Group	4,268 SF	August 2019	\$20.00 PSF	\$10.00 PSF	100%
<b>Total Occupied NRA</b>		<b>89,719 SF</b>	<b>February 2022</b>	<b>\$15.44 PSF</b>	<b>\$12.49 PSF</b>	<b>23.6%</b>

<sup>[1]</sup> NRA of Unit R-910 changes from 1,609 SF to 1,997 SF effective September 1, 2021.

<sup>[2]</sup> Alberta Ballet receives base free rent for the month of June in 2018, 2019 and 2020. For the purposes of this valuation, the free rent has been removed and adjusted for in the Executive Summary.

<sup>[3]</sup> The current lease expires prior to the analysis start date. It has been assumed that the leased is extended for an additional year on the same terms.

<sup>[4]</sup> The lease commencement and end dates are not provided in the January 2018 rent roll. It has been assumed the lease is a 2-year term commencing on the Analysis Start Date.

<sup>[5]</sup> Current lease is month-to-month following the expiration in November 2016. It has been assumed that the lease is extended for 3 years beyond the original expiration on the same terms.

<sup>[6]</sup> Tenant is paying a gross annual rent of \$34,800. The rental rate shown indicates the net amount after expense reimbursements have been deducted.

RETAIL SECOND GENERATION MARKET LEASING ASSUMPTIONS

Suite	Tenant as of April 2018	NRA	Net Rental Rate	Lease Term	Retention Ratio	Tenant Improvements		Leasing Commissions		Downtime/Fixturing Period	
						New	Renewal	New	Renewal	New	Weighted Average
<b>RETAIL</b>	R-100	Bow Valley Credit Union	1,973 SF	\$28.00 PSF	5 Years	75%	\$20.00 PSF	\$0.00 PSF	2.50%	8 Months	2.00 Months
	R-100A	Bow Valley Credit Union	3,374 SF	\$28.00 PSF	5 Years	75%	\$20.00 PSF	\$0.00 PSF	2.50%	8 Months	2.00 Months
	R-908	Tao Vietnamese	2,180 SF	\$20.00 PSF	5 Years	75%	\$20.00 PSF	\$0.00 PSF	2.50%	8 Months	2.00 Months
	R-910	Anna Ewinet	1,609 SF	\$20.00 PSF	5 Years	75%	\$20.00 PSF	\$0.00 PSF	2.50%	8 Months	2.00 Months
	R-912	Barron Tattoo	1,179 SF	\$20.00 PSF	5 Years	75%	\$20.00 PSF	\$0.00 PSF	2.50%	8 Months	2.00 Months
	R-914	Nail Haus	1,026 SF	\$20.00 PSF	5 Years	75%	\$20.00 PSF	\$0.00 PSF	2.50%	8 Months	2.00 Months
	R-918	Mikey's Bellline	4,482 SF	\$25.00 PSF	5 Years	75%	\$20.00 PSF	\$0.00 PSF	2.50%	8 Months	2.00 Months
	R-920	Alberta Ballet Company	20,365 SF	\$10.00 PSF	5 Years	75%	\$20.00 PSF	\$0.00 PSF	2.50%	12 Months	3.00 Months
<b>OFFICE</b>	200	Starke Capital	1,000 SF	\$10.00 PSF	5 Years	75%	\$20.00 PSF	\$0.00 PSF	\$5.00 PSF	12 Months	3.00 Months
	260	The Alberta Ballet Company	5,996 SF	\$10.00 PSF	5 Years	75%	\$20.00 PSF	\$0.00 PSF	\$5.00 PSF	12 Months	3.00 Months
	350	Hollis Wealth	2,438 SF	\$10.00 PSF	5 Years	75%	\$20.00 PSF	\$0.00 PSF	\$5.00 PSF	12 Months	3.00 Months
	405	Framework Partners In	3,819 SF	\$10.00 PSF	5 Years	75%	\$20.00 PSF	\$0.00 PSF	\$5.00 PSF	12 Months	3.00 Months
	500	GasCan Corp.	4,885 SF	\$10.00 PSF	5 Years	75%	\$20.00 PSF	\$0.00 PSF	\$5.00 PSF	12 Months	3.00 Months
	510	Compass Tax LLP	4,750 SF	\$10.00 PSF	5 Years	75%	\$20.00 PSF	\$0.00 PSF	\$5.00 PSF	12 Months	3.00 Months
	520	Mccor Management	2,439 SF	\$10.00 PSF	5 Years	75%	\$20.00 PSF	\$0.00 PSF	\$5.00 PSF	12 Months	3.00 Months
	800	QBI Asset Management	6,512 SF	\$10.00 PSF	5 Years	75%	\$20.00 PSF	\$0.00 PSF	\$5.00 PSF	12 Months	3.00 Months
	820	Apex Energy Consulting	3,500 SF	\$10.00 PSF	5 Years	75%	\$20.00 PSF	\$0.00 PSF	\$5.00 PSF	12 Months	3.00 Months
	888	QBI Asset Management	627 SF	\$10.00 PSF	5 Years	75%	\$20.00 PSF	\$0.00 PSF	\$5.00 PSF	12 Months	3.00 Months
	900	Brookfield Global Relocation Services	4,783 SF	\$10.00 PSF	5 Years	75%	\$20.00 PSF	\$0.00 PSF	\$5.00 PSF	12 Months	3.00 Months
	905	Estee Lauder Cosmetics	2,034 SF	\$10.00 PSF	5 Years	75%	\$20.00 PSF	\$0.00 PSF	\$5.00 PSF	12 Months	3.00 Months
	908	Boon Trading	1,690 SF	\$10.00 PSF	5 Years	75%	\$20.00 PSF	\$0.00 PSF	\$5.00 PSF	12 Months	3.00 Months
	910	Flight Centre Travel Group	4,268 SF	\$10.00 PSF	5 Years	75%	\$20.00 PSF	\$0.00 PSF	\$5.00 PSF	12 Months	3.00 Months

OFFICE SECOND GENERATION MARKET LEASING ASSUMPTIONS

Calendar Year Ending December 31	Net Rental Rate	Lease Term	Retention Ratio	Tenant Improvements		Leasing Commissions		Downtime/Fixturing Period	
				New	Renewal	New	Renewal	New	Weighted Average
2018	\$10.00 PSF	5 Years	75%	\$40.00 PSF	\$15.00 PSF	\$10.00 PSF	\$5.00 PSF	12 Months	3.00 Months
2019	\$10.00 PSF	5 Years	75%	Grow at 2.5%		\$10.00 PSF	\$5.00 PSF	12 Months	3.00 Months
2020	\$10.00 PSF	5 Years	75%	Grow at 2.5%		\$10.00 PSF	\$5.00 PSF	12 Months	3.00 Months
2021	\$12.00 PSF	5 Years	75%	Grow at 2.5%		\$7.50 PSF	\$3.75 PSF	10 Months	2.50 Months
2022	\$14.00 PSF	5 Years	75%	Grow at 2.5%		\$7.50 PSF	\$3.75 PSF	10 Months	2.50 Months
2023	\$16.00 PSF	5 Years	75%	Grow at 2.5%		\$5.00 PSF	\$2.50 PSF	8 Months	2.00 Months
2024+	Grow at 2.5%	5 Years	75%	Grow at 2.5%		Grow at 2.5%		8 Months	2.00 Months

Dominion Place  
10-Year Investment Horizon

PRO FORMA CASH FLOWS

Fiscal Year Ending March 31	FY 2019 SPSE/YR	2019 FY1	2020 FY2	2021 FY3	2022 FY4	2023 FY5	2024 FY6	2025 FY7	2026 FY8	2027 FY9	2028 FY10	2029 FY11
<b>GROSS REVENUE</b>												
Base Rental Revenue	\$11.74	\$1,636,679	\$1,636,679	\$1,647,044	\$1,678,054	\$1,709,922	\$2,004,883	\$2,209,231	\$2,401,297	\$2,453,121	\$2,499,320	\$2,602,483
Absorption & Turnover Vacancy	(\$0.10)	(\$13,714)	(\$57,053)	(\$54,987)	(\$20,333)	(\$15,656)	(\$141,093)	(\$143,517)	(\$70,062)	(\$27,518)	(\$36,489)	(\$152,237)
<b>TOTAL SCHEDULED BASE RENT</b>												
Operating Expenses	\$11.65	\$1,622,965	\$1,579,626	\$1,592,057	\$1,657,721	\$1,694,266	\$1,863,790	\$2,065,714	\$2,331,235	\$2,425,603	\$2,462,831	\$2,450,246
Property Tax	\$6.24	\$869,157	\$875,022	\$912,953	\$948,865	\$975,285	\$944,756	\$967,244	\$1,038,219	\$1,073,575	\$1,101,804	\$1,072,325
Management Fee	\$4.69	\$654,096	\$656,024	\$686,751	\$717,196	\$739,073	\$706,810	\$754,218	\$783,181	\$812,835	\$833,416	\$802,801
Miscellaneous Revenue	\$0.89	\$123,536	\$124,376	\$129,760	\$134,825	\$138,537	\$134,207	\$137,417	\$147,473	\$152,497	\$156,508	\$152,333
<b>TOTAL GROSS REVENUE</b>												
General Vacancy Loss	\$25.26	\$3,519,854	\$3,485,148	\$3,571,621	\$3,708,707	\$3,797,261	\$3,899,663	\$4,176,257	\$4,558,063	\$4,728,913	\$4,825,572	\$4,755,496
<b>EFFECTIVE GROSS REVENUE</b>												
Operating Expenses	(\$2.44)	(\$339,643)	(\$297,167)	(\$307,673)	(\$352,572)	(\$365,636)	(\$262,982)	(\$288,461)	(\$392,750)	(\$448,126)	(\$449,716)	(\$338,537)
Property Tax	\$22.82	\$3,180,211	\$3,187,981	\$3,263,948	\$3,356,135	\$3,431,625	\$3,636,681	\$3,887,796	\$4,165,313	\$4,280,787	\$4,375,856	\$4,416,959
<b>EXPENSES</b>												
Operating Expenses	(\$6.39)	(\$890,793)	(\$913,067)	(\$935,893)	(\$959,286)	(\$983,277)	(\$1,007,855)	(\$1,033,038)	(\$1,058,884)	(\$1,085,340)	(\$1,112,481)	(\$1,140,301)
Property Tax	(\$4.84)	(\$673,869)	(\$690,716)	(\$707,984)	(\$725,685)	(\$743,823)	(\$762,423)	(\$781,482)	(\$801,019)	(\$821,044)	(\$841,572)	(\$862,610)
Management Expense	(\$0.68)	(\$95,407)	(\$95,639)	(\$97,918)	(\$100,684)	(\$102,949)	(\$109,100)	(\$116,634)	(\$124,260)	(\$128,423)	(\$131,276)	(\$132,508)
<b>TOTAL EXPENSES</b>												
Disposition Costs	(\$11.91)	(\$1,660,069)	(\$1,699,422)	(\$1,741,795)	(\$1,785,655)	(\$1,830,049)	(\$1,879,378)	(\$1,931,154)	(\$1,984,863)	(\$2,034,807)	(\$2,085,329)	(\$2,135,419)
<b>NET OPERATING INCOME</b>												
Capital Costs	\$10.91	\$1,520,142	\$1,488,559	\$1,522,153	\$1,570,480	\$1,601,576	\$1,757,303	\$1,956,642	\$2,180,450	\$2,245,980	\$2,290,527	\$2,281,540
Tenant Improvements	(\$0.75)	(\$104,180)	(\$515,187)	(\$242,538)	(\$135,705)	(\$104,919)	(\$1,157,556)	(\$883,177)	(\$261,343)	(\$280,016)	(\$146,693)	(\$1,309,668)
Leasing Commissions	(\$0.21)	(\$29,894)	(\$147,020)	(\$78,354)	(\$29,469)	(\$20,967)	(\$155,950)	(\$151,632)	(\$73,489)	(\$39,491)	(\$37,294)	(\$176,443)
Structural Reserve	(\$0.23)	(\$31,801)	(\$31,879)	(\$32,640)	(\$33,562)	(\$34,316)	(\$36,366)	(\$38,879)	(\$41,652)	(\$42,809)	(\$43,758)	(\$44,169)
<b>TOTAL CAPITAL COSTS</b>												
Acquisition Cost	(\$1.19)	(\$165,875)	(\$694,086)	(\$353,532)	(\$198,736)	(\$160,202)	(\$1,349,872)	(\$1,073,688)	(\$376,484)	(\$362,316)	(\$816,545)	(\$1,530,280)
<b>OPERATING CASH FLOW</b>												
Acquisition Cost	\$9.72	\$1,354,267	\$794,473	\$1,168,621	\$1,371,744	\$1,441,374	\$407,431	\$882,954	\$1,803,966	\$1,863,664	\$1,473,982	\$751,260
Net Reversionary Value	(\$19,000,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	Unlevered IRR
<b>CASH FLOW BEFORE DEBT</b>												
Principal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	Unlevered IRR
Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	Unlevered IRR
<b>CASH FLOW AFTER DEBT</b>												
Yield on NOI		8.00%	7.83%	8.01%	8.27%	8.43%	9.25%	10.30%	11.48%	11.82%	12.06%	
Yield on NOI less Capital Costs		7.13%	4.18%	6.15%	7.22%	7.59%	2.14%	4.65%	9.49%	9.91%	7.76%	
Levered Cash-on-Cash Return		7.56%	1.67%	5.61%	7.74%	8.48%	-2.09%	2.92%	12.61%	13.45%	9.14%	
Debt Coverage Ratio		2.39x	2.34x	2.39x	2.47x	2.52x	2.90x	3.23x	3.60x	3.71x	3.78x	
Cumulative Average Yield on NOI		8.00%	7.92%	7.95%	8.03%	8.11%	8.30%	8.58%	8.95%	9.27%	9.54%	
Cumulative Average Yield on NOI less Capital Costs		7.13%	5.65%	5.87%	6.17%	6.45%	5.74%	5.58%	6.07%	6.50%	6.62%	
Cumulative Average Levered Cash-on-Cash Returns		7.56%	4.61%	4.94%	5.64%	6.21%	4.83%	4.56%	5.56%	6.44%	6.71%	
Reversionary Cap Rate		7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	
Rolling Unlevered IRR		8.22%	7.33%	7.90%	8.09%	9.58%	10.09%	10.68%	10.54%	10.35%	9.88%	
Lease-Up to Full Occupancy	49,646 SF											
Area Expiring	7,890 SF	22,299 SF	13,849 SF	6,576 SF	54,119 SF	4,783 SF	49,884 SF	19,909 SF	6,576 SF	8,955 SF		
Area Expiring (% of NRA)	5.70%	16.00%	9.90%	4.70%	38.70%	3.40%	35.70%	14.20%	4.70%	6.40%		
Physical Occupancy	99.02%	95.91%	97.57%	98.88%	99.20%	93.79%	93.77%	97.92%	98.92%	98.93%		
Weighted Average In-Place Rent	\$11.65	\$11.33	\$11.42	\$11.88	\$12.12	\$13.34	\$14.78	\$16.68	\$17.36	\$17.62		

MISCELLANEOUS REVENUE DETAIL

Fiscal Year Ending March 31	FY 2019 \$PSE/YR	2019 FY1	2020 FY2	2021 FY3	2022 FY4	2023 FY5	2024 FY6	2025 FY7	2026 FY8	2027 FY9	2028 FY10	2029 FY11
<b>Miscellaneous Revenue</b>												
Parking Revenue	[1] \$1.78	\$248,100	\$248,100	\$248,100	\$248,100	\$248,100	\$248,100	\$249,651	\$255,893	\$262,289	\$268,845	\$275,569
Roof Revenue - Bell Canada	[2] \$0.01	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,013	\$2,062	\$2,114	\$2,168	\$2,222
<b>Total Miscellaneous Revenue</b>	<b>\$1.79</b>	<b>\$250,100</b>	<b>\$250,100</b>	<b>\$250,100</b>	<b>\$250,100</b>	<b>\$250,100</b>	<b>\$250,100</b>	<b>\$251,664</b>	<b>\$257,955</b>	<b>\$264,403</b>	<b>\$271,013</b>	<b>\$277,791</b>

[1] Parking revenue is as per the January 2018 Rent Roll, and assumed to remain flat from 2018 - 2023, then grow at 2.5% per annum.

[2] Telecommunications revenue is as per the January 2018 Rent Roll, and assumed to remain flat from 2018 - 2023, then grow at 2.5% per annum.

EXPENSE REIMBURSEMENT DETAIL

Fiscal Year Ending March 31	FY 2019	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
\$PSF/YR	FY1	FY2	FY3	FY4	FY5	FY6	FY7	FY8	FY9	FY10	FY11	FY11
<b>EXPENSE REIMBURSEMENTS</b>												
Utilities - Electricity	\$1.78	\$249,328	\$259,868	\$270,105	\$277,672	\$269,186	\$275,764	\$295,164	\$305,604	\$313,320	\$305,497	
Utilities - Water & Sewer	\$0.40	\$55,995	\$56,392	\$61,085	\$62,816	\$60,880	\$62,371	\$66,768	\$69,126	\$70,868	\$69,102	
Utilities - Gas	\$0.32	\$44,201	\$44,521	\$46,408	\$48,232	\$49,579	\$48,074	\$52,699	\$54,568	\$55,951	\$54,548	
Fire & Safety	\$0.08	\$10,808	\$10,881	\$11,343	\$11,791	\$12,121	\$11,754	\$12,036	\$12,889	\$13,339	\$13,342	
HVAC	\$0.13	\$17,687	\$17,805	\$18,564	\$19,290	\$19,233	\$19,233	\$21,083	\$21,824	\$22,382	\$21,826	
Plumbing	\$0.13	\$17,687	\$17,805	\$18,564	\$19,290	\$19,233	\$19,233	\$21,083	\$21,824	\$22,382	\$21,826	
Maintenance Personnel	\$0.76	\$106,094	\$106,854	\$111,366	\$115,763	\$119,008	\$115,363	\$118,186	\$126,496	\$130,972	\$130,933	
Maintenance Supplies	\$0.08	\$10,601	\$10,692	\$11,136	\$11,579	\$11,908	\$11,528	\$11,821	\$12,645	\$13,101	\$13,094	
Telephone/Pager	\$0.07	\$9,139	\$9,199	\$9,589	\$9,962	\$10,250	\$9,940	\$10,166	\$10,894	\$11,282	\$11,561	
Electrical Repairs	\$0.02	\$2,938	\$2,973	\$3,091	\$3,214	\$3,306	\$3,202	\$3,280	\$3,516	\$3,639	\$3,636	
Doors & Locks	\$0.04	\$5,894	\$5,936	\$6,185	\$6,438	\$6,607	\$6,408	\$6,563	\$7,035	\$7,271	\$7,459	
Interior R&M	\$0.06	\$8,840	\$8,908	\$9,290	\$9,641	\$9,908	\$9,620	\$9,845	\$10,541	\$10,910	\$10,907	
Exterior R&M	\$0.04	\$5,894	\$5,936	\$6,185	\$6,438	\$6,607	\$6,408	\$6,563	\$7,035	\$7,271	\$7,459	
General R&M	\$0.08	\$11,801	\$11,869	\$12,373	\$12,863	\$13,220	\$12,822	\$13,135	\$14,053	\$14,552	\$14,562	
Grounds & Landscaping	\$0.14	\$19,004	\$19,152	\$19,959	\$20,738	\$21,327	\$20,665	\$21,174	\$22,668	\$23,466	\$23,461	
Parking Lot	\$0.05	\$6,814	\$6,871	\$7,156	\$7,442	\$7,649	\$7,419	\$7,599	\$8,126	\$8,418	\$8,416	
Lamp Replacement	\$0.07	\$9,430	\$9,491	\$9,896	\$10,286	\$10,587	\$10,247	\$10,511	\$11,244	\$11,636	\$11,638	
Roof R&M	\$0.05	\$7,373	\$7,415	\$7,737	\$8,038	\$8,262	\$8,006	\$8,209	\$8,785	\$9,103	\$9,096	
Snow Removal	\$0.08	\$10,994	\$11,061	\$11,541	\$12,003	\$12,323	\$11,956	\$12,245	\$13,106	\$13,570	\$13,560	
Elevator Contract	\$0.18	\$25,457	\$25,564	\$26,965	\$27,856	\$28,604	\$27,586	\$28,168	\$30,813	\$31,517	\$31,312	
Security Contract	\$0.13	\$17,641	\$17,755	\$18,510	\$19,244	\$19,780	\$19,171	\$19,648	\$21,025	\$21,769	\$21,764	
Pest Control	\$0.01	\$1,180	\$1,191	\$1,241	\$1,287	\$1,321	\$1,281	\$1,316	\$1,404	\$1,489	\$1,452	
Waste Removal	\$0.08	\$10,601	\$10,692	\$11,136	\$11,579	\$11,908	\$11,528	\$11,821	\$12,645	\$13,101	\$13,094	
Window Cleaning	\$0.04	\$4,916	\$4,944	\$5,157	\$5,363	\$5,513	\$5,341	\$5,468	\$5,857	\$6,060	\$6,071	
Janitorial Contract	\$1.01	\$141,113	\$141,880	\$148,409	\$154,346	\$158,546	\$153,211	\$156,530	\$169,502	\$174,672	\$173,941	
Janitorial Supplies	\$0.10	\$14,113	\$14,188	\$14,836	\$15,435	\$15,853	\$15,325	\$15,649	\$16,956	\$17,470	\$17,392	
Mat Rental & Cleaning	\$0.03	\$4,152	\$4,164	\$4,359	\$4,547	\$4,662	\$4,507	\$4,601	\$4,991	\$5,137	\$5,113	
Administration	\$0.01	\$1,765	\$1,784	\$1,859	\$1,920	\$1,983	\$1,928	\$1,966	\$2,116	\$2,186	\$2,179	
Insurance	\$0.20	\$28,084	\$28,291	\$29,484	\$30,643	\$31,507	\$30,544	\$31,290	\$33,488	\$34,679	\$34,667	
Signage	\$0.00	\$586	\$602	\$616	\$646	\$660	\$641	\$655	\$700	\$723	\$723	
Promotions	\$0.04	\$5,894	\$5,936	\$6,185	\$6,438	\$6,607	\$6,408	\$6,563	\$7,035	\$7,271	\$7,274	
Professional Fees	\$0.04	\$4,916	\$4,944	\$5,157	\$5,363	\$5,513	\$5,341	\$5,468	\$5,857	\$6,060	\$6,071	
Property Tax Appeal	\$0.11	\$14,650	\$14,696	\$15,379	\$16,070	\$16,555	\$15,822	\$16,894	\$17,544	\$18,205	\$17,979	
Property Tax	\$4.59	\$639,446	\$641,326	\$671,372	\$701,126	\$722,518	\$690,988	\$737,324	\$765,637	\$794,630	\$784,822	
Man Fee - Type A	\$0.46	\$64,117	\$63,569	\$69,399	\$70,856	\$71,591	\$66,278	\$73,132	\$78,329	\$80,115	\$74,991	
Man Fee - Type B	\$0.06	\$8,998	\$9,221	\$9,306	\$9,723	\$10,211	\$10,203	\$10,732	\$10,235	\$11,123	\$10,889	
Man Fee - Type C	\$0.03	\$4,812	\$4,929	\$4,215	\$5,175	\$5,294	\$5,427	\$5,562	\$4,758	\$5,844	\$5,992	
Man Fee - Type D	\$0.33	\$45,609	\$46,657	\$46,840	\$49,071	\$51,441	\$52,299	\$47,991	\$54,151	\$58,195	\$59,656	

TOTAL EXPENSE REIMBURSEMENTS

TOTAL EXPENSE REIMBURSEMENTS PER SQUARE FOOT

[1] Type A tenants pay a management fee equal to 15% of operating costs excluding property tax and insurance. All new and renewal office leases are assumed to utilize method type Office 1.

[2] Type B tenants pay a management fee equal to 15% of operating costs excluding property tax, elevators and janitorial.

[3] Type C tenants pay a management fee equal to 15% of operating costs excluding property tax, insurance and elevators.

[4] Type D tenants pay a management fee equal to 15% of operating costs excluding property tax and insurance.

Dominion Place  
10-Year Investment Horizon

CBRE

EXPENSE DETAIL

Fiscal Year Ending March 31	FY 2019 \$PSF/YR	2019 FY1	2020 FY2	2021 FY3	2022 FY4	2023 FY5	2024 FY6	2025 FY7	2026 FY8	2027 FY9	2028 FY10	2029 FY11
<b>EXPENSES</b>												
Utilities - Electricity	\$1.82	\$253,575	\$259,914	\$266,414	\$273,071	\$279,900	\$286,897	\$294,069	\$301,421	\$308,957	\$316,681	\$324,597
Utilities - Water & Sewer	\$0.41	\$57,357	\$58,789	\$60,260	\$61,767	\$63,310	\$64,894	\$66,515	\$68,179	\$69,883	\$71,630	\$73,421
Utilities - Gas	\$0.32	\$45,282	\$46,413	\$47,573	\$48,762	\$49,984	\$51,231	\$52,512	\$53,825	\$55,170	\$56,550	\$57,964
Fire & Safety	\$0.08	\$11,069	\$11,345	\$11,629	\$11,921	\$12,217	\$12,523	\$12,837	\$13,158	\$13,486	\$13,822	\$14,170
HVAC	\$0.13	\$18,112	\$18,566	\$19,029	\$19,506	\$19,992	\$20,493	\$21,004	\$21,530	\$22,067	\$22,621	\$23,186
Plumbing	\$0.13	\$18,112	\$18,566	\$19,029	\$19,506	\$19,992	\$20,493	\$21,004	\$21,530	\$22,067	\$22,621	\$23,186
Maintenance Personnel	\$0.78	\$108,675	\$111,392	\$114,177	\$117,030	\$119,959	\$122,954	\$126,030	\$129,181	\$132,411	\$135,720	\$139,113
Maintenance Supplies	\$0.08	\$10,867	\$11,140	\$11,417	\$11,703	\$11,995	\$12,297	\$12,603	\$12,918	\$13,241	\$13,572	\$13,912
Telephone/Pager	\$0.07	\$9,358	\$9,591	\$9,833	\$10,077	\$10,330	\$10,588	\$10,851	\$11,124	\$11,403	\$11,686	\$11,980
Electrical Repairs	\$0.02	\$3,018	\$3,095	\$3,171	\$3,252	\$3,332	\$3,415	\$3,500	\$3,589	\$3,677	\$3,771	\$3,864
Doors & Locks	\$0.04	\$6,038	\$6,187	\$6,344	\$6,502	\$6,665	\$6,830	\$7,001	\$7,176	\$7,356	\$7,540	\$7,729
Interior R&M	\$0.06	\$9,057	\$9,282	\$9,516	\$9,752	\$9,996	\$10,247	\$10,502	\$10,765	\$11,034	\$11,310	\$11,593
Exterior R&M	\$0.04	\$6,038	\$6,187	\$6,344	\$6,502	\$6,665	\$6,830	\$7,001	\$7,176	\$7,356	\$7,540	\$7,729
General R&M	\$0.09	\$12,075	\$12,377	\$12,687	\$13,004	\$13,328	\$13,663	\$14,003	\$14,352	\$14,713	\$15,079	\$15,457
Grounds & Landscaping	\$0.14	\$19,471	\$19,957	\$20,457	\$20,969	\$21,492	\$22,030	\$22,581	\$23,145	\$23,723	\$24,315	\$24,926
Parking Lot	\$0.05	\$6,985	\$7,161	\$7,338	\$7,523	\$7,711	\$7,903	\$8,101	\$8,304	\$8,510	\$8,725	\$8,941
Lamp Replacement	\$0.07	\$9,660	\$9,901	\$10,150	\$10,402	\$10,663	\$10,931	\$11,202	\$11,483	\$11,769	\$12,064	\$12,367
Roof R&M	\$0.05	\$7,547	\$7,736	\$7,929	\$8,128	\$8,330	\$8,540	\$8,752	\$8,971	\$9,195	\$9,424	\$9,661
Snow Removal	\$0.08	\$11,260	\$11,542	\$11,828	\$12,125	\$12,430	\$12,739	\$13,058	\$13,384	\$13,720	\$14,063	\$14,413
Elevator Contract	\$0.19	\$26,163	\$26,816	\$27,486	\$28,175	\$28,878	\$29,602	\$30,339	\$31,100	\$31,876	\$32,673	\$33,490
Security Contract	\$0.13	\$18,064	\$18,517	\$18,978	\$19,452	\$19,941	\$20,438	\$20,948	\$21,474	\$22,008	\$22,561	\$23,124
Pest Control	\$0.01	\$1,207	\$1,238	\$1,270	\$1,299	\$1,333	\$1,367	\$1,401	\$1,435	\$1,471	\$1,508	\$1,545
Waste Removal	\$0.08	\$10,867	\$11,140	\$11,417	\$11,703	\$11,995	\$12,297	\$12,603	\$12,918	\$13,241	\$13,572	\$13,912
Window Cleaning	\$0.04	\$5,030	\$5,158	\$5,286	\$5,417	\$5,553	\$5,692	\$5,834	\$5,982	\$6,129	\$6,283	\$6,441
Janitorial Contract	\$1.04	\$144,900	\$148,522	\$152,237	\$156,041	\$159,942	\$163,940	\$168,040	\$172,242	\$176,546	\$180,960	\$185,484
Janitorial Supplies	\$0.10	\$14,490	\$14,853	\$15,222	\$15,605	\$15,995	\$16,393	\$16,804	\$17,224	\$17,655	\$18,096	\$18,549
Mat Rental & Cleaning	\$0.03	\$4,263	\$4,369	\$4,477	\$4,591	\$4,705	\$4,823	\$4,943	\$5,066	\$5,194	\$5,323	\$5,455
Administration	\$0.01	\$1,812	\$1,856	\$1,903	\$1,950	\$2,000	\$2,049	\$2,099	\$2,155	\$2,205	\$2,263	\$2,319
Insurance	\$0.21	\$28,770	\$29,492	\$30,228	\$30,983	\$31,759	\$32,551	\$33,366	\$34,201	\$35,057	\$35,931	\$36,830
Signage	\$0.00	\$603	\$620	\$634	\$649	\$667	\$683	\$700	\$718	\$735	\$754	\$773
Promotions	\$0.04	\$6,038	\$6,187	\$6,344	\$6,502	\$6,665	\$6,830	\$7,001	\$7,176	\$7,356	\$7,540	\$7,729
Professional Fees	\$0.04	\$5,030	\$5,158	\$5,286	\$5,417	\$5,553	\$5,692	\$5,834	\$5,982	\$6,129	\$6,283	\$6,441
Property Tax Appeal	\$0.11	\$15,093	\$15,471	\$15,858	\$16,255	\$16,659	\$17,078	\$17,504	\$17,941	\$18,390	\$18,850	\$19,321
Property Tax	\$4.73	\$658,776	\$675,245	\$692,126	\$709,430	\$727,164	\$745,345	\$763,978	\$783,078	\$802,654	\$822,722	\$843,289
Management Expense	\$0.68	\$95,407	\$95,639	\$97,918	\$100,684	\$102,949	\$109,100	\$116,634	\$124,960	\$128,423	\$131,276	\$132,508
<b>TOTAL EXPENSES</b>	\$11.91 PSF	\$1,660,069	\$1,699,422	\$1,741,795	\$1,785,655	\$1,830,049	\$1,879,378	\$1,931,154	\$1,984,863	\$2,034,807	\$2,085,329	\$2,135,419
<b>TOTAL EXPENSES PER SQUARE FOOT</b>		\$ 11.91 PSF	\$ 12.19 PSF	\$ 12.50 PSF	\$ 12.81 PSF	\$ 13.13 PSF	\$ 13.49 PSF	\$ 13.86 PSF	\$ 14.24 PSF	\$ 14.60 PSF	\$ 14.96 PSF	\$ 15.32 PSF

(1) A market management expense of 3.0% of EGR has been assumed.







# Dominion Place

Calgary, AB

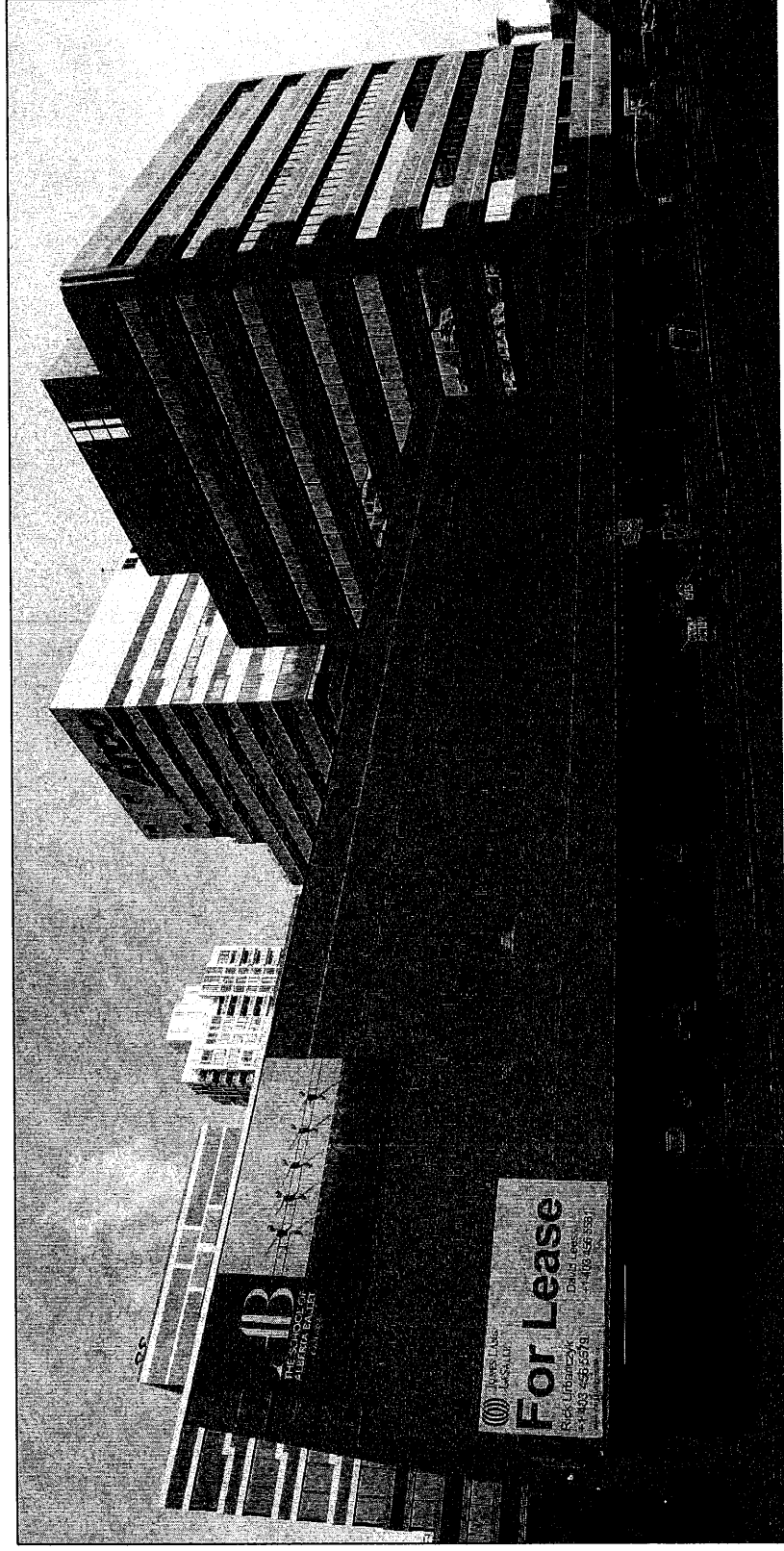
Strategic Review



# Executive Summary

We are pleased to provide Paragon Capital Corporation Ltd. with the following Strategic Advisory regarding Dominion Place, located at 906 12th Avenue S.W. in Calgary, Alberta (the "Property" or the "Site"). The Property consists of 139,365 square feet of well positioned suburban office space in Calgary's vibrant Beltline neighborhood.

In our valuation we considered both the Property's value as a cash flowing asset, as well as a potential mixed-use development site. Our valuations project a total value range between \$18.3 million to \$21.3 million for the Property, with a mid-point value of **\$19.8 million**.



# Cash Flow

Year Ending	1	2	3	4	5	6	7	8	9	10	11
PSF	Jan-19	Jan-20	Jan-21	Jan-22	Jan-23	Jan-24	Jan-25	Jan-26	Jan-27	Jan-28	Jan-29
<b>Income</b>											
Minimum Rent	\$13.55	\$1,888,331	\$1,849,706	\$1,729,913	\$1,702,918	\$1,701,204	\$1,887,068	\$2,064,090	\$2,091,159	\$2,118,857	\$2,135,312
Absorption/Turnover Vacancy	(\$3.93)	(547,689)	(219,167)	(53,790)	(41,071)	(12,233)	(641,945)	(187,151)	(106,037)	(111,165)	(14,995)
Free Rent	(\$0.24)	(33,446)	(61,789)	(30,900)	(38,707)	(8,876)	(119,358)	(259,433)	(28,575)	(37,292)	(40,059)
<b>Base Rental Revenue</b>	<b>\$9.38</b>	<b>\$1,307,196</b>	<b>\$1,568,750</b>	<b>\$1,645,223</b>	<b>\$1,623,140</b>	<b>\$1,680,095</b>	<b>\$1,125,765</b>	<b>\$1,617,506</b>	<b>\$1,956,547</b>	<b>\$1,970,400</b>	<b>\$2,080,259</b>
Op. Cost Recovery	\$9.19	\$1,280,957	\$1,790,964	\$2,148,333	\$2,208,826	\$2,295,207	\$1,566,144	\$2,173,542	\$2,344,913	\$2,386,031	\$2,532,065
Other Revenue	\$0.01	\$2,000	\$2,040	\$2,122	\$2,165	\$2,208	\$2,252	\$2,297	\$2,343	\$2,390	\$2,438
Parking Revenue	\$1.78	248,100	253,062	263,286	268,551	273,922	279,401	284,989	290,689	296,502	302,433
<b>Total Potential Gross Revenue</b>	<b>\$20.37</b>	<b>\$2,838,253</b>	<b>\$3,614,816</b>	<b>\$4,058,963</b>	<b>\$4,102,682</b>	<b>\$4,251,432</b>	<b>\$2,973,562</b>	<b>\$4,078,334</b>	<b>\$4,594,492</b>	<b>\$4,655,324</b>	<b>\$4,917,194</b>
Vacancy Allowance	\$0.00	\$0	(\$4,574)	(\$69,593)	(\$83,242)	(\$115,677)	\$0	(\$3,539)	(\$42,906)	(\$52,301)	(\$132,971)
<b>Effective Gross Revenue</b>	<b>\$20.37</b>	<b>\$2,838,253</b>	<b>\$3,610,243</b>	<b>\$3,989,371</b>	<b>\$4,019,441</b>	<b>\$4,135,755</b>	<b>\$2,973,562</b>	<b>\$4,074,795</b>	<b>\$4,551,586</b>	<b>\$4,603,023</b>	<b>\$4,784,223</b>
<b>Operating Expenses</b>											
Op. Cost Estimate	\$14.98	\$2,087,522	\$2,129,342	\$2,172,281	\$2,217,989	\$2,311,877	\$2,358,114	\$2,405,277	\$2,453,382	\$2,502,450	\$2,552,499
<b>Total Operating Expenses</b>	<b>\$14.98</b>	<b>\$2,087,522</b>	<b>\$2,129,342</b>	<b>\$2,172,281</b>	<b>\$2,217,989</b>	<b>\$2,311,877</b>	<b>\$2,358,114</b>	<b>\$2,405,277</b>	<b>\$2,453,382</b>	<b>\$2,502,450</b>	<b>\$2,552,499</b>
<b>Net Operating Income</b>	<b>\$5.39</b>	<b>\$750,731</b>	<b>\$1,480,901</b>	<b>\$1,771,382</b>	<b>\$1,752,895</b>	<b>\$1,823,878</b>	<b>\$615,447</b>	<b>\$1,669,518</b>	<b>\$2,098,204</b>	<b>\$2,100,573</b>	<b>\$2,231,724</b>
<b>Capital Expenses</b>											
Leasing Commissions		\$11,912	\$143,631	\$18,562	\$19,628	\$0	\$164,363	\$111,834	\$37,091	\$58,596	\$10,309
Tenant Inducements		133,898	1,682,587	480,556	244,107	0	959,963	1,398,953	121,891	347,862	122,683
Structural Reserve		85,148	108,307	116,393	120,583	124,073	89,207	122,244	136,548	138,091	143,527
<b>Total Capital Expenditures</b>		<b>\$230,957</b>	<b>\$1,934,526</b>	<b>\$654,270</b>	<b>\$384,319</b>	<b>\$124,073</b>	<b>\$1,213,534</b>	<b>\$1,633,031</b>	<b>\$295,529</b>	<b>\$544,549</b>	<b>\$276,518</b>
<b>Cash Flow</b>		<b>\$519,774</b>	<b>(\$453,625)</b>	<b>\$1,498,948</b>	<b>\$1,368,576</b>	<b>\$1,699,806</b>	<b>(\$598,086)</b>	<b>\$36,487</b>	<b>\$1,802,674</b>	<b>\$1,556,025</b>	<b>\$1,955,206</b>

Applying a 8.50% discount rate and a 8.00% reversion rate returned a valuation of \$17.5M. In our valuation we applied market leasing assumptions that accounted for current market rates, the Property's physical characteristics and position in the market.

Valuation	\$17.5M
Valuation PSF	\$126
Yr.1 Yield	4.28%

# Valuation Matrix

Our valuations of the current Property, and its ability to produce income in its current state, projected a total value range between \$16.8 million to \$18.3 million for the Property. These valuations equate to a value range per square foot of \$121 PSF to \$131 PSF.

Valuation	TCR					
	7.50%	7.75%	8.00%	8.25%	8.50%	
IRR	8.00%	\$19,108,996	\$18,664,385	\$18,247,562	\$17,856,002	\$17,487,474
	8.25%	\$18,723,465	\$18,289,016	\$17,881,720	\$17,499,109	\$17,139,005
	8.50%	\$18,347,124	\$17,922,583	\$17,524,575	\$17,150,689	\$16,798,796
	8.75%	\$17,979,730	\$17,564,847	\$17,175,895	\$16,810,516	\$16,466,630
	9.00%	\$17,621,044	\$17,215,580	\$16,835,457	\$16,478,372	\$16,142,292

Value PSF	TCR					
	7.50%	7.75%	8.00%	8.25%	8.50%	
IRR	8.00%	\$137	\$134	\$131	\$128	\$125
	8.25%	\$134	\$131	\$128	\$126	\$123
	8.50%	\$132	\$129	\$126	\$123	\$121
	8.75%	\$129	\$126	\$123	\$121	\$118
	9.00%	\$126	\$124	\$121	\$118	\$116

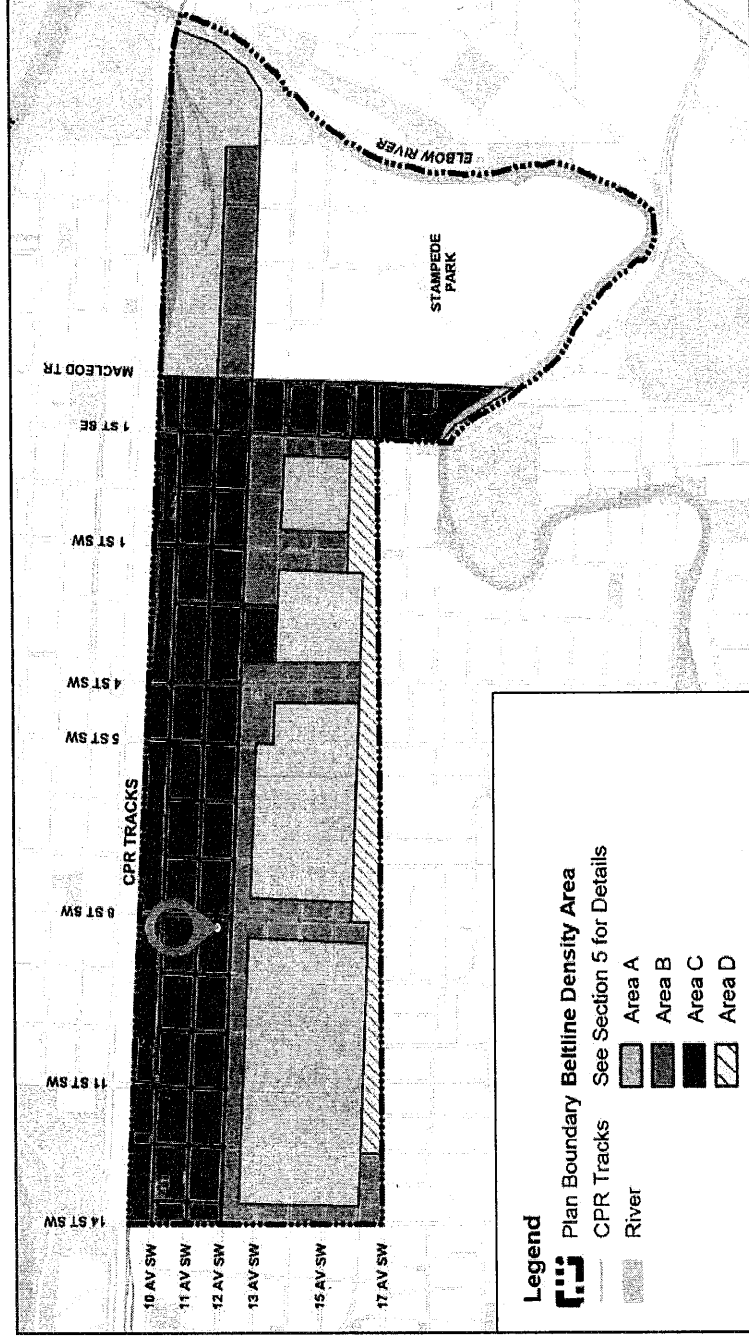
Yr.1 Yield	TCR					
	7.50%	7.75%	8.00%	8.25%	8.50%	
IRR	8.00%	3.93%	4.02%	4.11%	4.20%	4.29%
	8.25%	4.01%	4.10%	4.20%	4.29%	4.38%
	8.50%	4.09%	4.19%	4.28%	4.38%	4.47%
	8.75%	4.18%	4.27%	4.37%	4.47%	4.56%
	9.00%	4.26%	4.36%	4.46%	4.56%	4.65%

# Development Capacity

## Land Use District

The Property has been designated, under City of Calgary Land Use Bylaw, 1P2007, as a Centre City Mixed Use District (CC-X). CC-X is a Centre City designation primarily focused on commercial, residential and some industrial development.

The Beltline Area Redevelopment Plan (ARP) has designated different density levels depending on the purpose and character of an area, and the area's ability to accommodate higher densities. The subject Property is found within the Area C boundary, giving it a base development density of 5.0 FAR (floor to area ratio) for commercial development. The Property is also eligible for residential/ mixed use development, and has a base development density of 8.0 FAR.



Property Area	Available Density (FAR)		
	Base - Commercial 5.0	Base - Commercial (w/ Bonus) 8.0	Base - Residential 8.0
42,215 SF	211,075 SF	337,720 SF	337,720 SF

# Development Potential

Potential Land Value	
Available Development Capacity (8.0 FAR)	337,720 SF
Market Price Per Buildable Square Foot	\$30/ Buildable SF
<b>Potential Development Value</b>	<b>\$10.1M</b>
Demolition Costs* (\$7 PSF)	(\$1.1M)
Discount (leases in place, competition, surrounding buildings)	(\$4.9M)
<b>Potential Development Value</b>	<b>\$4.1M</b>

\*Demolition costs may be even greater due to the parkade that is located on the Property

It is of our opinion, that in today's market investors will likely not consider the full development/density value of the Site in a valuation. In order to account for the Site's development potential our projections have applied a total additional value between \$1.5M to \$3.0M.

# Total Value

Based on our assessment of the Property's value in its current state, as well as its development potential, we have determined that in today's market Dominion Place would be valued at approximately \$19.8 million. The Property's value has been significantly discounted due to the vacancy that is currently present, the potential for more vacancy in the near term, and the negative sentiment that the Property currently holds.

Total Property Value			
	Low	Mid	High
Value of Current Property	\$16.8M	\$17.5M	\$18.3M
Value Development Potential	\$1.5M	\$2.3M	\$3.0M
<b>Total Property Value</b>	<b>\$18.3M</b>	<b>\$19.8M</b>	<b>\$21.3M</b>
<b>Valuation PSF</b>	<b>\$131</b>	<b>\$142</b>	<b>\$153</b>
<b>Cap Rate</b>	<b>4.10%</b>	<b>3.80%</b>	<b>3.53%</b>