

This is the 1<sup>st</sup> Affidavit of  
Tyson Hartwell in this case and  
was made November 13, 2013  
No. S-137743  
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
R.S.C. 1985, c.C-36, AS AMENDED

AND

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*,  
S.B.C. 2002, c.57, AS AMENDED

AND

IN THE MATTER OF THE *CANADA BUSINESS CORPORATIONS ACT*,  
R.S.C., 1985, c.C-44, AS AMENDED

AND

IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT OF  
LEAGUE ASSETS CORP. AND THOSE PARTIES LISTED ON SCHEDULE "A"

PETITIONERS

**AFFIDAVIT**

I, Tyson Hartwell, of 1100, 333 7<sup>th</sup> Avenue SW, Calgary, Alberta, T2P 2Z1, MAKE  
OATH AND SAY AS FOLLOWS:

1. I am a Senior Manager, Special Loans, with First Calgary Financial ("**First Calgary**"), and as such I have personal knowledge of the facts deposed to in this Affidavit except those facts which I say are based upon information and belief and as to those facts I truly believe them to be true.
2. In August 2007, First Calgary agreed to make a loan (the "**Loan**") to assist with the acquisition of a shopping centre located at 6600 – 50 Avenue, Stettler, Alberta (the "**Property**").

This loan was made to IGW REIT GP Inc., as the registered owner and to IGW REIT Limited Partnership, as the beneficial owner of the Property (the “**Borrowers**”).

3. The Loan was guaranteed by Adam Gant and Emanuel Arruda (the “**Guarantors**”).

4. Attached and marked as **Exhibit “A”** to this Affidavit is a true copy of the commitment letter dated August 2, 2007 (the “**Commitment Letter**”), issued by First Calgary, as lender, to the Borrower, as borrowers, and the Guarantors, as guarantors, with respect to the Loan.

5. As security for the Loan, First Calgary obtained a mortgage in the principal amount of \$3,430,000 and an assignment of rents which were registered against the Property on August 27, 2007 under No. 072 515 913 and No. 072 515 914, respectively (together, the “**Mortgage**”). Attached and marked as **Exhibit “B”** to this Affidavit is a true copy of the Mortgage.

6. Attached and marked as **Exhibit “C”** to this Affidavit are true copies of the Certificates of Title with respect to the Property.

7. The amount outstanding under the Mortgage as at November 8, 2013 is \$2,775,157, exclusive of: (a) legal fees and costs recoverable under the terms of the Commitment Letter and the Mortgage, and (b) any early payout fee and indemnity payable by the mortgage if the amount owing to First Calgary under the Mortgage is repaid prior to maturity.

8. The monthly payment due under the Mortgage is \$22,015. The monthly payment for November 2013 was returned to First Calgary on account of insufficient funds.

9. Attached and marked as **Exhibit “D”** to this Affidavit is a true copy of an email dated November 8, 2013, sent by counsel for First Calgary to counsel for the Petitioners with respect to the missed November 1, 2013 mortgage payment.

10. Attached and marked as **Exhibit “E”** to this Affidavit is a true copy of an email dated November 8, 2013, sent by counsel for First Calgary to counsel for the Monitor and counsel for the Petitioners with respect to the missed November 1, 2013 mortgage payment, and a response email from counsel for the Petitioners to counsel for First Calgary.


11. As of today's date the mortgage payment due on November 1, 2013 has not been made. As First Calgary has not received the November 1 mortgage payment, I can only assume that the income produced from the Property is being diverted for other purposes.

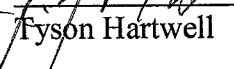
12. The Loan made by First Calgary with respect to the Property was to a single purpose entity and was not made to the League Group as a whole, on an enterprise basis.

13. The Property is tenanted, but First Calgary understands there are some vacancies, and First Calgary does not know what the current cash flow from the property is.

14. Based upon First Calgary's experience with the Borrowers, and as a result of reading the materials filed in this proceeding, I can advise the Court that First Calgary has lost all confidence in the management of the League Group and the Borrowers, and will not support any Plan of Arrangement put forward in this proceeding that leaves the current management in control of the assets, or that compromises First Calgary's mortgage debt claim in any way.

SWORN BEFORE ME at the City of  
Calgary, in the Province of Alberta, this  
13<sup>th</sup> day of November, 2013.

  
A Commissioner for taking Affidavits for  
British Columbia Notary Public  
Alberta

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Tyson Hartwell  
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THIS IS EXHIBIT "A" REFERRED TO IN THE AFFIDAVIT OF  
TYSON HARTWELL MADE BEFORE ME ON THE  
13<sup>TH</sup> DAY OF NOVEMBER, 2013



~~A COMMISSIONER FOR TAKING AFFIDAVITS FOR~~  
~~Notary Public BRITISH COLUMBIA~~  
Alberta

Colin Poon  
Student-at-Law



Writer's Direct Line: (403) 503-4176  
E-Mail: eblanko@1stcalgary.com

August 2, 2007

Nexus Mortgage Services Ltd.  
701, 1030 West Georgia Street  
Vancouver, B.C.  
V6E 2Y3

Attention: Mr. Victor Vela

Dear Sir:

RE: Commitment Letter - Commercial First Charge Mortgage on a 88,502 sf Retail Shopping Mall located at 6600 - 50<sup>th</sup> Avenue, Stettler, Alberta and known as the "Stettler Town Mall"

First Calgary Savings & Credit Union Ltd ("First Calgary") is pleased to advise that the following Mortgage loan is approved on the terms and conditions set forth below. If you agree with these terms and conditions please sign the duplicate copy of this letter in the space provided below and return same to the writer's attention.

Borrower: IGW REIT Limited Partnership / IGW REIT GP INC. E EB  
Personal Guarantors: (S) Adam Grant  
(B) Adam Grant - \$1,715,000 severally  
(B) Emmanuel Aranda - \$1,715,000 severally  
Corporate Guarantor: IGW Properties Limited Partnership  
~~IGW REIT~~  
Amount of Loan: (S) \$3,410,000 available in a single advance to facilitate the  
(B) purchase of the subject property anticipated closing dated  
August 14, 2007.  
Purpose: To facilitate the purchase of the "Stettler Town Mall" an existing 88,502 sf N/A Retail shopping mall located in Stettler, Alberta.

**Rate of Interest:**

First Calgary's current Commercial Mortgage Rate calculated monthly not in advance for the following terms are: (please select the term you wish by circling the appropriate term).

Term	Interest Rate
	Calculated Monthly Not in Advance
3 year closed	6.51%
4 year closed	6.48%
5 year closed	6.46%

*Handwritten: 105 e 13*

**Application Fee:**

\$17,150.00 received and deemed fully earned on issuance of this Commitment Letter.

Prepaid Appraisal Fee: N/A

Appraiser to provide First Calgary with a letter of transmittal.

**Prepaid Legal Fees:**

Estimated legal fees of \$3,710 including GST, estimated disbursements of \$1,060 including GST are payable upon acceptance of this Commitment Letter.

**NOTE:** The above estimated legal and disbursement fees cover the cost of First Calgary's solicitors for preparing security documentation. In addition to these fees you will be responsible for payment direct to your solicitor of legal fees/dishbursements/G.S.T. of your own solicitors relative to the cost of execution and registration of these documents. Also, if you do not have a current Real Property Report there will be an additional cost for this.

**First Calgary Common Shares:**

\$50 payable upon acceptance of our Commitment Letter (\$25 re Loan Account, \$25 re Deposit Account)

**Term:**

3 to 5 years at the Borrower's option from the Interest Adjustment Date

3. 2007-1-22 AMPS-ANEXUS MORTGAGE-1ST CALGARY COMMERCIAL

3

**Amortization:**

20 years from the Interest Adjustment Date

**Repayment:**

Interest calculated at the Committed Rate shall accrue from the date of the advance and be paid on the fifth day of the month following the date of advance (the "Interest Adjustment Date"). Thereafter on the fifth day of each month, during the term, the payment outlined below on account of principal and interest shall be due and payable.

<u>Term</u>	<u>Payment Amount</u>
3 year closed	\$25,418.76
4 year closed	\$25,359.99
5 year closed	\$26,188.38

**Prepayment:**

May be made in accordance with First Calgary's standard 20/20 prepayment privilege as set out in the security documentation.

**Pre-disbursement Conditions:**

First Calgary's obligation to advance the Mortgage is conditional upon receipt by us of the following, all in form and substance satisfactory to us.

- Completion and, where applicable, registration of all security documentation
- An Appraisal and Letter of Transmittal of 6600 - 50<sup>th</sup> Avenue, Stettler, Alberta for no less than \$4,900,000 from Altus Helyar Valuation (using Comparable Sales and Direct Capitalized Income Methods of Valuation)

**NOTE:** First Calgary reserves the right to adjust the Vacancy and CAP Rates if the appraiser uses a rate lower than 5% and 8.0% respectively.

- Phase I Environmental Assessment and, if necessary, a Phase II Environmental Assessment on the property from a First Calgary approved environmental firm
- Satisfactory Credit Investigation on the Borrower and all Guarantors
- Deposit account with First Calgary
- Receipt of tenant estoppel certificates.



The Borrower agrees to provide to First Calgary in form and substance satisfactory to it and its solicitors, all security and supporting agreements requested by First Calgary including the following documentation (the "Security") which will be held by First Calgary as Security for the loan and all other direct and indirect liabilities of the Borrower and the Guarantors (or any of them) to First Calgary from time to time.

- a) An Operation of Account Agreement and Common Share Agreement with First Calgary
- b) All corporate documents, including:
  - i) Borrowing Resolution,
  - ii) Certified Copy of a Resolution of the Directors approving the Security granted,
  - iii) Certificate of Incumbency,
  - iv) Statutory Declaration, and
  - v) Certificate of Non-restriction
- c) A First Mortgage and charge of the property which is municipally and legally described as:  
  
6600 – 50<sup>th</sup> Avenue, Stettler, Alberta  
Lot 8B, Block 3, Plan 0320755  
Lots 1 – 2, Block 3, Plan 3175TR  
Lot 15, Block 3, Plan 0720453  
(hereinafter referred to as the "Property")
- d) A First Assignment of All Rents and Leases from the Property upon terms which will, until default hereunder or under the Security documents, permit you to continue to receive such rents and revenues
- e) A Security Agreement comprising a first charge and Security interest on the chattel and property now or hereafter situated on the Property
- f) A \$1,715,000 personal Guarantee & Postponement of Claim from Adam Grant
- g) A \$1,715,000 Guarantee & Postponement of Claim from Emmanuel Aruda

- b) A \$3,430,000 Guarantee and Postponement of Claim from IGW Properties Limited Partnership
- i) An Estoppel Certificate from all the tenants
- j) Assignment of Adequate All Risk Insurance over subject Property showing First Calgary as first loss payee via Standard Mortgage Endorsement Clause as follows:
- |                                   |             |
|-----------------------------------|-------------|
| Building                          | \$3,430,000 |
| Business Interruption/Rental Loss | \$698,000   |
| Liability                         | \$2,000,000 |
- k) Environmental Indemnity Agreement from the Borrower and the personal Shareholder(s)/Guarantor(s) and corporate guarantor
- l) An Opinion of counsel to the Borrower and the Guarantors in such form as First Calgary shall require

In addition, First Calgary shall obtain an Opinion from its counsel satisfactory to First Calgary.

All the above documentation will be prepared by First Calgary's solicitors. First Calgary's solicitors in this transaction are:

Faber Bickman Leon  
Barristers and Solicitors  
350, 603 - 7<sup>th</sup> Avenue SW  
Calgary, Alberta T2P 2T5

Attention: L.D. Leon

**Reporting Requirement:**

- Annual Statements
- Personal Networth statements of Emmanuel Aranda and ~~Adrian Aranda~~ *ADAM GAST*
- Confirmation that property taxes are current
- Confirmation that fire, liability and business interruption insurance is paid to date and showing First Calgary as first loss payee

**Annual Statements**

In each year during the term of the loan, Notice to Reader Financial Statements of the Borrower shall be submitted to First Calgary within ninety (90) days after the Borrower's fiscal year end. The truth and accuracy of such Operating Statements shall be certified by an officer of the Borrower acceptable to First Calgary. Also, a separate Financial Statement relating specifically to

the operation of the Property including a Rent Roll and a copy of new or renewal leases entered into shall be submitted to First Calgary within ninety (90) days after the Borrower's annual operating period for the Property. In addition, the Guarantor will provide a new Personal Net Worth Statement as required by First Calgary. Corporate Guarantor to provide accountant prepared December 31 year end financial statement annually.

**Proposal Expiry Date:**

In the event this letter is not accepted by August 07, 2007 this Proposal Letter expires.

**Additional Terms and Conditions:**

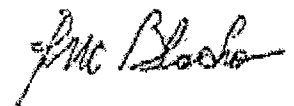
The attached Schedule "A" outlines additional terms and conditions that form part of this letter.

The terms of this letter are open for acceptance by you and all Guarantors executing the duplicate copy of this letter where indicated below and returning it together with the application fee of \$17,150.00 (received) plus \$4,170 representing our legal fees and \$50 for Common Share and Deposit Account fees to our office at 1100 - 333 - 7th Avenue, S.W., Calgary, Alberta, T2P 2Z1, on or before 3:00 p.m. on August 07, 2007, after which date and time, this offer shall lapse if it is not accepted.

We wish to thank you for allowing First Calgary the opportunity of being of assistance to you,

Yours truly,

**FIRST CALGARY SAVINGS & CREDIT UNION LTD.**

  
Eric Blasko  
Account Manager  
Commercial Banking

Enclosure

ACCEPTANCE

We hereby accept and agree to the Mortgage loan on the terms and conditions outlined by the Commitment Letter dated August 02, 2007, on this 3rd day of August, 2007.

IGW REIT LIMITED PARTNERSHIP

Per: [Signature]  
Adam ~~GANT~~ GANT OS EB  
(e/s)

Per: [Signature]  
Emmanuel Arruda

D  
IGW PROPERTIES LIMITED PARTNERSHIP  
CORPORATE GUARANTOR- IGW REIT GP INC. EB  
D

Per: [Signature]  
(e/s)

Per: [Signature]

D. Gless  
Witness

[Signature]  
Guarantor Adam ~~GANT~~ GANT OS EB

D. Gless  
Witness

[Signature]  
Guarantor Emmanuel Arruda

## SCHEDULE "A" ADDITIONAL TERMS AND CONDITIONS

### Taxes:

All realty taxes and local improvement assessments are to be paid by you or your tenants to the municipality when due and you shall provide First Calgary annually, if requested, with receipted copies of the realty tax bills for the Property. First Calgary may, at its sole option, require that you pay on the monthly payment date provided for herein one-twelfth of the annual realty taxes payable or estimated by First Calgary to be payable for the forthcoming year. Any deficiency between actual and estimated taxes shall be payable to First Calgary forthwith upon demand.

### Insurance:

You will insure and keep fully insured the Property and all tangible personal property against the following perils:

- a. With respect to all buildings and other improvements now or hereafter situated on the Property and all insurable property included within the buildings, coverage against loss or damage by fire and other insurable hazards defined in an "All Risks" insurance policy for the full replacement cost with provision for permission to occupy and with automatic vacancy permit;
- b. Boiler and pressure vessel insurance, if applicable, for the full replacement cost of the Property and all improvements thereon or such lesser amount as shall be acceptable to First Calgary;
- c. Business interruption or rental loss insurance acceptable to First Calgary for an indemnity period of not less than 12 months and with coverage of not less than 100% of the resulting loss or rent or other revenue received from the operation of the building;
- d. Loss or damage of all personal property by fire or other insurable hazards, including theft, in an amount not less than the full replacement cost thereof; and
- e. Public liability insurance to an amount not less than \$2,000,000 on an occurrence basis.

The policies of insurance to be maintained shall not contain any co-insurance clauses less than 90% and shall be in form and with insurers satisfactory to First Calgary and shall include the agreement of the insurer that the policy will not be cancelled or permitted to expire on expiry date without at least thirty (30) days prior written notice of intended cancellation or non-renewal to First Calgary. First Calgary shall be named in all policies of insurance other than public liability insurance as the first loss payee and as first mortgagee upon the terms of the standard Insurance Bureau of Canada Mortgage Endorsement Clause.

You will furnish to First Calgary or its solicitors, at least ten (10) days prior to the advance of any funds a binder policy, with certified copies of the policies being provided within 45 days thereafter, providing the above coverages.

**Title:**

The Borrower will have, as the registered owner of the Property, good title in fee simple to the Property, and First Calgary's charge on the Property will be first in priority over all other encumbrances, leases, agreements for leases, restrictions, agreements, liens, assignments, easements mortgages and charges whatsoever to the full extent of the loan except as First Calgary may in writing consent.

The Property and all improvements thereon shall have been duly authorized and comply in all respects with all applicable laws, by-laws, government requirements, whether federal, provincial or municipal including, without restriction, those dealing with planning, zoning, use, occupancy, subdivision, parking, historical designations, fire, access, loading facilities, landscaped areas, pollution of the environment, toxic materials or other environmental hazards, building construction, public health and safety and there shall be no outstanding work orders against the Property or the improvements or any part thereof.

The Borrower shall provide such certificates or other written confirmation as First Calgary's solicitors may reasonably require, certifying that no control orders, stop orders or prosecutions exist with respect to the Property or any activity or operation carried out thereon pursuant to any federal, provincial, municipal or local environmental, health and safety laws, statutes and regulations as may apply to the Property or the activities or operations carried out thereon.

**Leases:**

You will provide at First Calgary's request, executed copies of such leases for our review which must be in a form and upon terms acceptable to us. You will also provide to our solicitors an Estoppel Certificate with the written acknowledgement of each tenant as to the status of its tenancy at the time of advance of funds. At the time of advance of the funds each tenant must be in possession of the whole of its leased premises, carrying on business thereon and paying rent pursuant to the terms of the lease and the landlord and tenant shall otherwise have performed all their obligations contained in the lease.

First Calgary may at its option require that all present and future leases of the Property be postponed by way of a registered postponement agreement in favour of First Calgary's interest in the Property.

### Costs and Fees:

Whether or not the transaction contemplated hereby is completed, you will pay all First Calgary's costs associated with this transaction, including the legal fees and disbursements of our solicitors (on a solicitor and his own client basis) and our agents in connection with this letter and the loan and the security documents resulting therefrom. Such fees, disbursements and costs may be deducted from the Mortgage proceeds or the Commitment Fee, if collected.

### Right of Termination:

First Calgary shall have the right to terminate its agreement to provide the loan to you and be relieved of all obligations in connection therewith in the event any of the following events should occur:

- a. You fail or are unable or are unwilling for any reason whatsoever to comply with any of the terms and conditions set out in this letter within the time indicated for such compliance; or
- b. You fail or refuse to execute any documentation requested by our solicitors or to deliver such documentation to our solicitors; or
- c. The net proceeds of the loan have not been fully advanced on or before the commitment expiry date referred to herein; or
- d. You refuse to accept the funds when advanced; or
- e. You or any other person or corporation whose covenant is required shall become bankrupt, or subject to bankruptcy, receivership or insolvency proceedings; or
- f. There has been in the sole opinion of First Calgary a material adverse change in the condition of the Property or the Borrower or in the actual or anticipated revenues from the Property; or
- g. Urea formaldehyde foam insulation or any construction material containing asbestos or other substance considered harmful by First Calgary has been used or will be used in the Property, or there is in, or on about the Property any product or substance including, without restriction, PCBs contaminants or hazardous materials, equipment or anything which does, or is likely to, constitute an environmental hazard or contravenes any environmental law, regulation, order, decree or directive; or
- h. You have not complied with all the provisions of the *Builders' Lien Act* of Alberta and amendments thereto, to our satisfaction; or

- i. First Calgary or its solicitor, acting reasonably, is not satisfied with the matters set out under the heading "Title" above; or
- j. All legal matters and documentation relating to the transaction have not been completed to First Calgary's and its counsel's satisfaction.

If First Calgary elects to terminate its agreement to provide the loan to you prior to the advance of the entire amount of the loan, the amount advanced on the loan, if any, together with interest thereon at the rate set out herein shall become immediately due and payable and First Calgary shall, whether or not any proceeds have been advanced, be entitled to retain the Commitment Fee as compensation for all damages sustained by it, it being agreed that the amount of such Commitment Fee is a fair estimate of the damages which will be suffered by First Calgary in such event.

**Environmental Representations:**

As set out in the security documentation.

**Amendment:**

Any amendment to this commitment or Security documents must be in writing and signed by a duly authorized officer of First Calgary.

**Assignment:**

The undersigned understands and acknowledges that First Calgary may, at its sole discretion, assign this Mortgage to a third party of its choice. The undersigned consents to the disclosure by First Calgary to any such assignee and its agents of personal information of the undersigned relating to this Mortgage and consents to the collection and use of such personal information by such assignee and its agents. The undersigned also consents to the collection and use of said personal information by third parties involved in the assignment or sale of loans and the further disclosure of such information to the third parties' agents and assignees and those parties' subsequent collection and use of the information, in each case, for the purpose of the ongoing management of the loans.

However, this agreement of First Calgary may not be assigned nor transferred by the Borrower without the prior written consent of First Calgary.

**Governing Law:**

The agreement constituted by your acceptance of this letter shall be governed by the laws of the Province of Alberta.



**Headings:**

The headings contained in this letter are for reference only and shall not constitute any part of the terms and conditions contained herein.

**Payments:**

Unless otherwise directed and agreed to by First Calgary all amounts payable by the Borrower hereunder shall be paid to First Calgary at its Commercial Banking Branch, 1100 - 333 Seventh Avenue, S.W., Calgary, Alberta, T2P 2Z1, in Canadian dollars.

**Successors and Assigns:**

Subject to the provisions hereof, this agreement shall endure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

**Severability:**

Each provision of this agreement is severable and any term or provisions hereby declared to be contrary to, prohibited by, or invalid under applicable laws or regulations shall be inapplicable and deemed omitted herefrom, but shall not invalidate the remaining terms and provisions hereof.

**Survival:**

The terms and conditions of this letter shall, after acceptance by you, survive the execution and registration of all security documentation and there shall be no merger of these provisions or conditions in the Security and that in case of a conflict between the provisions hereof and any of the security documents, First Calgary may elect which provisions shall prevail.

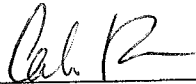
**Time:**

Time shall in all respects be of the essence hereof.

**Waiver:**

No terms or requirement of this commitment or any security documents may be waived or varied orally or by any course of conduct or any officer, employee, or agent of the lender. Any failure by First Calgary to exercise any rights or remedies hereunder or under any of the Security shall not constitute a waiver thereof.

THIS IS EXHIBIT "B" REFERRED TO IN THE AFFIDAVIT OF  
TYSON HARTWELL MADE BEFORE ME ON THE  
13<sup>TH</sup> DAY OF NOVEMBER, 2013



A COMMISSIONER FOR TAKING AFFIDAVITS FOR  
Notary Public BRITISH COLUMBIA

Colin Poon

Alberta

~~Student-at-Law~~

THE LAND TITLES ACT

**MORTGAGE**

IGW REIT GP INC.

who or whose successors and assigns are hereinafter included in the expression "the Mortgagor", being registered as owner of an estate in fee simple in possession, subject however to such encumbrances, liens and interests as are notified by memorandum underwritten or endorsed hereon, of all and singular that certain piece or parcel of land situate in the Province of Alberta, in the Dominion of Canada, being composed of:

PLAN 0320755  
BLOCK 3  
LOT 8B  
EXCEPTING THEREOUT ALL MINES AND MINERALS  
AREA: 3.01 HECTARES (7.44 ACRES) MORE OR LESS

and PLAN 3175TR  
BLOCK 3  
LOT 1  
CONTAINING .8370 HECTARES (2.07 ACRES) MORE OR LESS  
EXCEPTING THEREOUT:

	HECTARES	(ACRES)	MORE OR LESS
A) PLAN 0720453 SUBDIVISION	0.337	0.83	
EXCEPTING THEREOUT ALL MINES AND MINERALS			

and PLAN 3175TR  
BLOCK 3  
LOT 2  
CONTAINING .8370 HECTARES (2.07 ACRES) MORE OR LESS  
EXCEPTING THEREOUT:

	HECTARES	(ACRES)	MORE OR LESS
A) PLAN 0121521 SUBDIVISION	0.374	0.92	
B) PLAN 0121524 ROAD	0.112	0.28	
C) PLAN 0422887 SUBDIVISION	0.074	0.18	
EXCEPTING THEREOUT ALL MINES AND MINERALS			

and PLAN 0720453  
BLOCK 3  
LOT 15  
EXCEPTING THEREOUT ALL MINES AND MINERALS  
AREA: 0.337 HECTARES (0.83 ACRES) MORE OR LESS

in consideration of the sum of Three Million Four Hundred Thirty Thousand and 00/100  
(\$3,430,000.00) Dollars

lent to me by **FIRST CALGARY SAVINGS & CREDIT UNION LTD.**

whose address in Alberta is P.O. Box 908, Calgary, Alberta, T2P 2J6

who and whose successors and assigns are hereinafter included in the expression "the Mortgagee", the receipt of which sum I do hereby acknowledge, covenant with the Mortgagee as follows:

1. THAT I will pay to the Mortgagee the above sum at its office in the City of Calgary, in the Province of Alberta, as follows:

INTEREST at the rate hereinafter stated on the amounts from time to time advanced, the time of advance being the time the money herein is paid to the Solicitor drawing this mortgage, computed from the respective dates of such advances until the **5th day of August, 2007** shall become due and be paid on the date last mentioned (hereinafter referred to as the "date for adjustment of interest"), and thereafter the aforesaid sum together with interest on such sum at the rate hereinafter stated, computed from the date for adjustment of interest, shall become due and be paid by monthly instalments of **Twenty Five Thousand Four Hundred Eighteen and 76/100 (\$25,418.76) Dollars** each (which include principal and interest) on the 5th day of each and every month in each and every year from and including the **5th day of September, 2007**, to and including the **5th day of August, 2010**, and the balance of the said principal sum and interest shall be paid on the date last mentioned.

THAT I will pay to the Mortgagee interest, in the manner set out herein, on the principal sum remaining from time to time unpaid at the rate of **six and 51/100 (6.51%) per cent per annum**, calculated monthly and not in advance, all interest in arrears to become principal and to bear interest at the rate aforesaid. And that in case the sums hereby secured be not paid on the days above set forth I will, so long as said sums or any part thereof remain unpaid or owing in the security hereof, or during the continuance of this security, pay interest from day to day on the said sums or on so much thereof as shall for the time being remain due, owing or unpaid during the continuance of this security. And I further covenant that the taking of judgment or judgments under any of the covenants herein contained shall not operate as a merger of the said covenants, or affect the Mortgagee's right to interest at the above rate, on any moneys due and owing to the Mortgagee during the continuance of this security under the covenants herein contained or on any judgment to be recovered thereon. Provided that on default of payment of any instalment of interest secured under this mortgage the same shall thereupon become part of the principal hereby secured and shall bear interest from the time when same becomes due at the rate aforesaid, and on each day when any instalment of interest falls due hereunder, until the whole of the said principal and interest secured hereby is fully paid and satisfied. All sums of money, whether interest or otherwise then due and remaining unpaid, shall become principal and bear interest at the rate aforesaid. Payments as above shall be applied firstly to interest and secondly to principal. And I further covenant that the Mortgagee shall be entitled to interest after judgment on any judgment obtained at the Mortgage rate set out herein. I hereby waive all relevant provisions of the Interest Act of Canada or any legislation similar thereto or in replacement thereof.

2. THAT if any default shall happen to be made in any payment of principal or interest or any of the moneys hereby secured or any part thereof, then, and in such case, the whole principal moneys hereby secured shall, at the option of the Mortgagee, become due and payable in like manner to all intents and purposes as if the time herein mentioned for payment of such principal money had fully come and expired, AND in the event of making a breach of any of the covenants in this Mortgage contained, then such breach shall be deemed to be a default in payment of interest, and the Mortgagee shall at its option be at liberty to call in forthwith the whole of the principal and interest secured by this Mortgage and eject all persons in possession of the mortgaged premises. PROVIDED, however, and the parties hereby agree that the powers in this paragraph contained must be actually invoked to become effective and that nothing herein contained shall cause the Statute of Limitations to commence to run unless and until the Mortgagee shall actually exercise the option hereinbefore contained. It is further agreed that the issuance of a Statement of Claim shall itself be sufficient notice of the exercise, by the Mortgagee, of its option herein contained.

AND I further covenant that the Mortgagee shall not be bound to pursue action on my covenant or in debt

together with an action to realize upon the security created herein, but the Mortgagee shall have the right to commence separate actions on each and every covenant should it so desire, with separate action in foreclosure should it so desire. Judgment in any one action shall not operate to merge any rights of the Mortgagee to separately pursue other covenants, or foreclosure action.

3. THAT

- (a) I shall forthwith insure and during the continuance of this security keep insured in favour of the Mortgagee, against loss or damage by fire and, as the Mortgagee may require, insure against loss or damage by tempest, tornado, cyclone, lightning and such other risks and perils as the Mortgagee may deem expedient, each and every building on the said land and which may hereafter be erected thereon, both during erection and thereafter, and all chattels secured herein, for the full insurable value thereof in lawful money of Canada. In the case of commercial properties this covenant shall in addition include boiler, plate glass, rental and public liability insurance in an amount satisfactory to the Mortgagee.
- (b) Prior to the making of any advance by the Mortgagee, I shall forthwith assign, transfer and deliver over unto the Mortgagee a policy or policies and receipts thereto appertaining evidencing such insurance, and at least fifteen days prior to the expiry of a policy or at least five days prior to the date fixed for cancellation of a policy should notice of cancellation be given, I shall deliver to the Mortgagee evidence of renewal or replacement.
- (c) Every policy of insurance shall be effected in such terms and with such insurer as may be approved by the Mortgagee; the loss under each policy shall be made payable to the Mortgagee with preference in its favour over any claim of any other person and each policy shall be retained by the Mortgagee during the currency of this loan. Should an insurer at any time cease to have the approval of the Mortgagee, I shall effect such new insurance as the Mortgagee may desire.
- (d) In the event of failure on my part to execute any obligation undertaken under this section, the Mortgagee may effect such insurance as it deems proper and I covenant to repay to the Mortgagee all premiums paid by it, and the amount of such premiums, from the date same are actually paid by the Mortgagee, shall in the meantime be added to the principal sum and shall be a charge upon the said land and shall bear interest at the rate aforesaid.
- (e) In case of loss or damage, I shall immediately notify the Mortgagee and the Mortgagee shall have the right to apply the funds wholly or in part in reduction of the indebtedness hereby secured notwithstanding that no amount at such time may be due and payable under the terms of repayment, or the funds, at the Mortgagee's sole discretion, may be used to meet costs of repair or reconstruction or may be paid in whole or in part to me, or to my assigns in which event the sum shall not be credited on the mortgage account, or partly in one such manner and partly in another. No damage may be repaired nor any reconstruction effected without the approval of the Mortgagee. The Mortgagee, may, at its option in case of loss or damage by fire, declare the whole amount of the principal monies hereby secured along with any unpaid interest, to be due and payable. It is further agreed that the issuance of a Statement of Claim shall itself be sufficient declaration, by the Mortgagee, of its election to declare the balance outstanding to be due and payable.
- (f) I hereby assign absolutely to the Mortgagee all of my rights to, and interest in, any insurance proceeds payable with respect to the improvements to the land and the contents thereof.

4. THAT all moneys received by virtue of any policy or policies of insurance may, at the option of the Mortgagee, either be forthwith applied in or towards substantially rebuilding, reinstating and repairing the said building, or in or towards the payment of the last instalment of principal falling due under and by virtue of these presents and in the case of a surplus in or towards the payment of the instalment next preceding in point of time of payment, and so on until the whole of the principal hereunder shall be paid, and in the case of a surplus, then in or towards payment of interest at the rate aforesaid and so on until the whole of the principal sum and interest

hereunder shall be fully paid and satisfied, the balance, if any, to be paid to me.

5. THAT I will furnish, forthwith on the happening of such loss or damage by fire or other hazard or peril, and at my expense, all the necessary proofs of loss and to do all the acts necessary to enable the Mortgagee to obtain payment of the insurance moneys.

6. THAT for the purpose of better securing the punctual payment of the interest on the said principal sum, I do hereby attorn to and become tenant of the Mortgagee for the said lands, at a yearly rental equivalent to the annual interest payable hereunder, to be paid in manner and on the days and times before appointed for the payment of the said interest; and on payment thereof shall be taken to be, and shall be, in satisfaction of the said interest; but nothing in this provision shall make the Mortgage chargeable or accountable as Mortgagee in possession. Provided also, that the Mortgagee may at any time after default in payment or performance of any covenant or condition hereunder, enter into and upon the said lands, or any part thereof, and determine the tenancy hereby created, without giving any notice to quit.

7. THAT if I shall make default in payment of any part of the said principal or interest or any other moneys hereby intended to be secured on any day or time hereinbefore limited for the payment thereof, it shall and may be lawful for the Mortgagee, and I do hereby grant full power and license to the Mortgagee to enter, seize and distrain upon the said lands, or any part thereof, and by distress warrant to recover by way of rent reserved, as in the case of a demise of the said lands, as much of the said principal, interest and other moneys 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.

8. THAT if I shall make default in payment of the principal sum and interest thereon or any part thereof at any of the before appointed times, then the Mortgagee shall have the right and power, and I do hereby covenant with the Mortgagee for such purpose, and do grant to the Mortgagee full license and authority for such purpose, when and so often as in his discretion he shall think fit, to enter into possession, either by himself or his agent, of the said lands, and to collect the rents and profits thereof, and to make any demise and at such rent as he shall think proper, and that any proceedings for sale or foreclosure may be taken either before or after and subject to such demise or lease. To better give effect to the provisions of this paragraph, I hereby assign to the Mortgagee all rents due or accruing due, present and future, with respect to the lands. Nothing in the foregoing provisions shall make the Mortgagee chargeable or accountable as a Mortgagee in possession.

9. THAT the Mortgagee shall be entitled (in addition and without prejudice to all its other rights and privileges) forthwith to apply for and obtain the appointment of a Receiver or Manager, or Receiver and Manager or Receiver-Manager (hereinafter referred to as the "Receiver") of the mortgaged premises and of the rents, issues and profits thereof without the necessity of first exercising its right to enter into possession and every such Receiver shall be deemed the agent of the Mortgagor, and the Mortgagor shall be solely responsible for the acts or defaults of the Receiver and the Receiver shall have power to demand, recover and receive all the income of the property of which he may be appointed Receiver by action, distress or otherwise, either in the name of the Mortgagor or the Mortgagee, and give effectual receipts therefor and every such Receiver may by writing at the discretion of the Mortgagee be vested with any or all of the powers and discretions of the Mortgagee herein contained and such Receiver may complete or carry on the business of the Mortgagor relating to the mortgaged premises or any part thereof and in so doing shall have the same powers as the Mortgagor would have had in carrying on the same if it had not been in default hereunder, and for such purpose, the Receiver may borrow or raise money by way of security on all or any part or parts of the mortgaged premises, either in priority to this Mortgage or otherwise, and may exercise all the powers conferred upon the Mortgagee hereby; AND THAT the Receiver may be removed, AND THAT if any Receiver is removed, dies or refuses to act or becomes incapable of acting a new Receiver may be appointed from time to time by the Mortgagee; AND THAT the Mortgagee may from time to time fix the remuneration of every Receiver and may recompense every such Receiver for all disbursements properly incurred by him in carrying out his duties, and his fees and such payments shall be added to the principal herein and be a charge upon the mortgaged premises and shall be payable on demand and shall bear interest at the rate then in effect, but the Mortgagee shall not be deemed to be a mortgagee in possession and shall not be accountable except for the monies actually received by it and the person paying money to, or in any way dealing with, the Receiver shall not be concerned to inquire whether any case has happened to authorize the Receiver to act and that subject to the retention of his remuneration and disbursements as aforesaid, the

Receiver shall apply all monies received by him in such of the following modes and in such order or priority, subject to the order of any court of competent jurisdiction, or as otherwise provided at law, as the Mortgagee may from time to time at his option direct in writing, namely: IN discharge of all rents, taxes, rates, assessments and outgoing whatever affecting the mortgaged premises; and payment of all annual sums or other payments; and in making any payments due under any prior mortgage or lien; and in payment of any premiums for fire, or other insurance, if any, properly payable under this Mortgage, payment of which is directed or confirmed in writing by the Mortgagee; and in payment of the cost of executing necessary or proper repairs to the mortgaged premises or any part thereof directed or confirmed in writing by the Mortgagee; and in payment of the cost of carrying out or executing any of the powers, duties or discretions which vest in or may be vested in the Receiver by reason of the provisions contained in this Paragraph; and in payment of the interest accruing due under this Mortgage, and in or towards the discharge of the principal monies or any instalments thereof and solicitors' costs and other monies due and payable under this Mortgage, if and to the extent directed in writing by the Mortgagee; and shall pay the residue, if any, of the money received by him to the person who, but for the possession of the Receiver, would have been entitled to receive the income.

10. THAT I will pay all taxes, utilities and rates, condominium levies, liens, charges, and encumbrances, which are now or may hereafter be levied or charged against the said lands, or on this mortgage or on the Mortgagee in respect of this Mortgage and that the Mortgagee may at such time or times as he may deem it necessary, without the concurrence of any other person, make arrangements for the repairing, finishing, adding to or putting in order any building or buildings, or improvements on the said lands and for managing and taking care of the said lands and premises and may pay any such taxes, utilities and rates and any liens, condominium levies, charges or encumbrances upon the said lands, and moneys for insurance, and the amount so paid or indebtedness incurred as aforesaid by the Mortgagee, together with all costs, charges and expenses which may be incurred in connection therewith or in the taking, recovering and keeping possession of the said lands or inspecting the same (including allowances for such purpose) and generally in any other steps or proceedings, whether in Court or not, taken to protect his security or realize the moneys hereby secured, or to perfect the title to the said lands, shall become part of the principal hereby secured and be a charge on the said lands in favour of the Mortgagee, and shall be payable forthwith by me, my heirs, executors, administrators, successors or assigns to the Mortgagee with interest at the rate aforesaid from the date of payment of same by the Mortgagee, and in default, proceedings for sale or foreclosure may be taken in addition to all other remedies. In the event of the money hereby advanced, or any part thereof, being applied to the payment of any charges or encumbrances, the Mortgagee shall stand in the position of and be entitled to all the rights and remedies, whether legal or equitable of the person or persons so paid, whether any such charges or encumbrances have or have not been cancelled from the titles respecting the said lands.

11. THAT in the event the lands are vacant or apparently vacant, or in the event it would appear that there is any present or future risk of destruction or damage to the mortgaged premises, whether or not I am in default under the terms of this mortgage, the Mortgagee shall have the right to enter any building located upon the lands, and shall have the right to forcibly enter if necessary, for the purpose of preserving said building and maintaining adequate electricity and heat to the premises. The Mortgagee shall not by such action be deemed to be a Mortgagee in possession and shall not be considered a trespasser. All of the Mortgagee's costs with respect to so protecting or preserving the premises, or in maintaining heat or electricity, shall be added to the principal secured herein and shall be a charge upon the lands.

12. THAT, subject as hereinafter in this paragraph provided, I covenant to pay when and as the same fall due all taxes, rates, condominium levies, 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, the Mortgagee shall have the right to collect the said taxes in the following manner:

- (a) The Mortgagee may deduct from any advance of the moneys secured by this mortgage an amount sufficient to pay the taxes which are due or accruing due as at the date of the advance.
- (b) After the date for adjustment of interest I shall pay to the Mortgagee in monthly instalments on the dates on which instalments of principal and interest are payable hereunder, sums estimated

by the Mortgagee to be sufficient to pay the whole amount of taxes on or before the due date for payment thereof or, if such amount is payable in instalments, on or before the due date for payment of the first instalment thereof;

- (c) Except as provided in the last preceding clause, I shall, in each and every month, pay to the Mortgagee one-twelfth of the amount (as estimated by the Mortgagee) of the taxes next becoming due and payable; and shall also pay to the Mortgagee on demand the amount, if any, by which the actual taxes exceed such estimated amount.

The Mortgagee agrees to apply such deduction and payments on the taxes chargeable against the said lands so long as I am not in default under any covenant, proviso or agreement contained herein, but nothing herein contained shall obligate the Mortgagee to apply such payments on account of taxes more often 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 me in respect of any payment of principal or interest as herein provided, the Mortgagee may apply such sum or sums in or towards payment of the principal and/or interest in default. I further covenant and agree to transmit to the Mortgagee the assessment notices, tax bills and other notices affecting the imposition of taxes and rates, condominium levies, liens, charges and encumbrances, forthwith after the receipt of same by me.

I further agree that I shall not be entitled to any interest on any monies paid by me to the Mortgagee on account for the taxes, rates, liens, charges, or claims above noted.

Notwithstanding the foregoing, the Mortgagee shall not be obliged to collect taxes as aforesaid.

13. THAT upon default being made in payment of any of the moneys hereby secured, the Mortgagee shall be entitled to sell and convey the said lands and premises, without entering into possession of the same and without giving any notice to me of his intention so to do, and either before or after and subject to any demise or lease made by the Mortgagee as hereinbefore provided. Provided that any sale made under the powers hereby given may be on such terms as to credit or otherwise as shall appear to the Mortgagee most advantageous, and for such price as can be reasonably obtained therefor, and that sales may be made of any portion or portions of the mortgaged lands and premises, from time to time to satisfy any interest or any part of the principal overdue, leaving the principal balance thereof to run at interest payable as aforesaid, and the Mortgagee may make any stipulation as to the title or otherwise as to the Mortgagee may seem proper, and the Mortgagee may rescind or vary any contract for sale of any of the said lands and premises, and resell without being responsible for any loss occasioned thereby; and for any of the said purposes may make and execute such agreements and assurances as shall be by the Mortgagee deemed necessary.

THAT in the event I am in default under any covenant, proviso, or agreement contained herein, then, in this event, I irrevocably appoint the Mortgagee as attorney on my behalf to execute such Agreements for Sale or Transfers of Land as may be necessary to effect the sale of same.

14. THAT in the event that this Mortgage is granted and approved by the Mortgagee as a second or other subsequent charge upon the said lands, I covenant and agree that I will well and truly pay all money accruing due under all prior mortgages and encumbrances charging the said lands, as and when the same shall become due, and that I will well and truly observe and perform the covenants of the Mortgagor or encumbrancer in any prior mortgage or encumbrance contained and in the event I shall make default in payment of the said moneys due under any prior mortgage or encumbrance or shall fail to observe or perform the covenants of the Mortgagor or encumbrancer in any prior mortgage or encumbrance contained then such default or failure shall constitute default under this Mortgage; AND FURTHER that in the event of default in payment of the moneys due under any prior mortgage or encumbrance, the Mortgagee shall have the right, but not the obligation, to pay the same and any moneys so paid by the Mortgagee herein shall forthwith be due and payable to the Mortgagee together with interest thereon at the rate herein mentioned, and shall be added to the principal herein and be a charge upon the lands and shall be recoverable, inter alia, by foreclosure proceedings along with other moneys secured by this mortgage.

15. THAT I shall not be entitled to a discharge of this mortgage until and unless I shall have kept and



performed all the covenants, provisos, agreements and stipulations herein contained, whether the Mortgagee has taken legal proceedings thereon and recovered judgment or otherwise, and I covenant with the Mortgagee that I shall and will in everything do, perform and keep all the provisions and covenants in these presents, according to the true intent and meaning thereof.

16. THAT the said Mortgagee shall not be bound for any reason whatsoever to advance the money hereby intended to be secured nor shall the Mortgagee, in the event of advancing or having advanced a portion, be bound to advance the balance thereof. And it is further agreed that the Mortgagee may release any part or parts of the said lands at any time in his sole discretion, either with or without any consideration therefor, without responsibility therefor and without thereby releasing any other part of the said lands, or any collateral security, or any person from this mortgage, and from any of the covenants herein contained or contained in any collateral security.

AND further, if any portion of the principal sum secured by this Mortgage shall not be advanced at the date hereof the Mortgagee may advance the same in one or more sums at any future date or dates and the amount of such advances, when so made, shall be secured by this Mortgage and be repayable with interest as above provided, and shall be considered and treated as having been so secured and advanced as at the date of this Mortgage. The advance in part of the principal sum shall not bind the Mortgagee to advance the whole of the principal sum or any unadvanced portion thereof, but nevertheless the charge or mortgage by this Mortgage created shall take effect forthwith on the execution of the Mortgage.

AND further, all advances of the principal sum, which are repaid to the Mortgagee, may from time to time be readvanced, in whole or in part, by the Mortgagee, and such readvances shall form part of the principal herein and be a charge upon the lands. (The principal sum may accordingly be repaid in full and re-advanced thereafter. This mortgage shall therefore remain as security until a discharge of same has been signed by the Mortgagee.) This Mortgage shall be considered to be a revolving line of credit mortgage up to the principal sum secured herein and shall take priority pursuant to the appropriate provisions of the Land Titles Act of Alberta.

17. THAT any erection, machinery, fixed or otherwise, buildings or improvements now or hereafter put upon the said lands shall thereupon become fixtures, and be part of the realty and form a part of this security.

18. THAT in case of default being made in any of the covenants, agreements, provisos, and stipulations herein contained, or that are contained in any collateral security, and by reason of such default the Mortgagee considers it necessary to place this mortgage in the hands of his solicitors (whether for the purpose of pursuing the Mortgagor on the covenant to pay, of realization on the security, or both) then I covenant and agree with the Mortgagee to pay the full costs of the said solicitors as between solicitor and his own client. Any costs incurred by the Mortgagee to its solicitor shall, at the time the costs are incurred, be principal outstanding and shall bear interest as set out in this mortgage and shall be a charge on the lands.

THAT, in the event the Mortgagee considers it necessary to pursue any collateral security to this mortgage, and places same in the hands of his solicitors, then I covenant and agree with the Mortgagee to pay the full costs of the said solicitors, as between solicitor and his own client. Any such costs incurred by the Mortgagee to its solicitors shall, at the time the costs are incurred, be principal outstanding and shall bear interest as set out in this mortgage, and shall be a charge on the lands.

19. THAT I will remain in actual personal possession of the said lands during the existence of this mortgage, and will not permit or suffer any act of waste upon the said lands, and will during the existence of these presents well and sufficiently repair, maintain, mend and keep the buildings now or hereafter on the said lands and all fixtures and things thereunto affixed in good and substantial repair. Should I sell the said lands during the existence of this Mortgage, with the Mortgage being assumed, such sale shall not relieve me of my obligations contained in this paragraph, and I shall be liable to the Mortgagee for any damages resulting from the breach of my covenant herein, NOTWITHSTANDING such damages may be caused by the purchaser, or subsequent purchasers.

20. THAT, in case that this is a Mortgage on farm lands I agree that the Mortgagee may insure the crops now or hereafter on the said lands if any of the said lands are now or shall thereafter be brought under cultivation, for the amount of their full insurance value against loss or damage by hail and all premiums therefor shall be

recovered and that I will if any part of the said lands be now under cultivation or if any part of the said land shall hereafter during the continuance of this security be brought under cultivation, cultivate all such part or parts in the most approved husbandlike manner so as to maintain the said land in a good state of cultivation; PROVIDED, however, that I may summer-fallow in good farmerlike manner one-third of all broken acres of such cultivated lands (if any) in any year.

21. THAT the waiver of one or more defaults under this Mortgage shall not be construed as a waiver of any subsequent or other default. AND it is further agreed that the foreclosure, cancellation or any other dealings with any other security for the moneys advanced hereunder or secured hereby shall not release or affect this mortgage and that the taking of this mortgage or the foreclosure or cancellation thereof or any other dealings with, or proceedings under this mortgage shall not release or affect any other security held by the Mortgagee for the moneys advanced or secured hereby, and shall not affect the Mortgagee's right to pursue me in debt or upon any other of the covenants in this mortgage contained.

22. THAT all fees and charges of the Mortgagee's Solicitors, on a solicitor and his own client basis, in connection with the preparation and registration of this Mortgage and passing on of my title to the said land shall be paid by me forthwith and if I make default in paying the same the Mortgagee may pay the amount of such fees and charges and add the amount so paid to the principal sum hereby secured and it shall thereafter be a charge on the said lands in favour of the Mortgagee and shall be repayable with interest as aforesaid.

23. (a) I have a good title to the said lands;  
 (b) I have a right to mortgage the said lands;  
 (c) In case of a default the Mortgagee shall have quiet possession of the land free from all encumbrances;  
 (d) I will execute such further assurances of the land as may be requisite;  
 (e) I have done no act to encumber the land other than is disclosed upon the Certificate of Title to the mortgaged premises as of the date hereof;  
 (f) I will deposit with the Mortgagee all documents and papers concerning or affecting the title of the said land and they shall be held by the Mortgagee during the currency of this mortgage.

24. THAT this mortgage and all the covenants herein shall be binding upon and enure to the benefit of the executors, administrators, successors and assigns of the parties hereto respectively and wherever the singular or masculine is used throughout this Mortgage, the plural or feminine or body corporate shall be implied wherever the context so requires. And it is further agreed that if this mortgage is entered into and executed by more than one person then all the covenants and stipulations herein contained and implied shall apply to and be binding upon all Mortgagors jointly and severally.

25. THAT I am aware of the Provisions of the Law of Property Act of the Revised Statutes of Alberta, R.S.A. 1980, or any legislation similar thereto or in replacement thereof, whereby it is provided that in any action brought upon any mortgage of land the remedy of the Mortgagee is limited to the land alone and no action shall lie on the covenant for payment contained in such mortgage, and in consideration of the within mortgage I hereby waive the said provisions of the said Act and agree with the Mortgagee, its successors and assigns, that in the event that I am in default the Mortgagee may proceed against me under this mortgage, and on my personal covenants herein contained notwithstanding the provisions of the said act or any legislation similar thereto or in replacement thereof.

26. THAT this mortgage is collateral security only for the due payment of the indebtedness hereby secured and that the Mortgagee may from time to time extend the time for the payment of the indebtedness hereby secured and may take bills or notes to cover the same or any part thereof and may from time to time renew such bills or notes so that the time for payment of any such indebtedness is extended beyond the time mentioned hereby, without affecting the liability of the Mortgagor hereunder or the security hereby given and nothing but the actual payment and satisfaction of such indebtedness shall discharge the Mortgagor or this Mortgage. Any renewal of this mortgage shall be at such interest rate and upon such other terms as may be agreed upon by the parties hereto, or by the then registered owner and the Mortgagee, and such interest rate and such other terms as may be agreed upon by the parties hereto, or by the then registered owner and the Mortgagee, and such interest rate and such other terms shall be binding without the necessity of registering an Extension or Amending Agreement against the title to the lands, on all persons who may take an interest in the lands subsequent to this mortgage,

notwithstanding that such interest may be at a rate greater than is set out herein.

27. THAT NOTWITHSTANDING ANYTHING CONTAINED HEREIN TO THE CONTRARY, it is hereby understood and agreed that in the event of transfer or entering into any agreement of sale or transfer of title of the property hereby mortgaged, without having prior consent in writing of the Mortgagee, this mortgage shall become immediately due and payable at the option of the Mortgagee and such option may be exercised by notice in writing sent to me by prepaid mail at the address last known to the Mortgagee. In the event that title or possession of the mortgaged property has been obtained by a purchaser or transferee without the prior consent in writing of the Mortgagee the aforesaid option may be exercised by notice in writing sent to the aforesaid purchaser or transferee by prepaid mail at the address of the aforesaid purchaser or transferee last known to the Mortgagee. It is further agreed that the issuance of a Statement of Claim shall itself be sufficient notice of the exercise, by the Mortgagee, of its option herein contained.

28. THAT in the event of discharge I will pay all costs of discharge including legal fees for preparation of discharge and the Mortgagee shall have a reasonable time to prepare and forward to me the discharge documents.

29. THAT I covenant with the Mortgagee that, in the event of non-payment of the said principal monies at the time or times above provided, I shall not require the Mortgagee to accept payment of the said principal monies without first giving three (3) months' previous notice in writing, or paying a bonus equal to three (3) months' interest in advance on the said principal monies.

30. THAT it is hereby agreed that this mortgage is taken as collateral security only for the due payment of the said indebtedness and interest thereon and none of the rights and remedies of the Mortgagee in respect of the indebtedness or in respect of any note, cheque or other security now or hereafter acquired shall in any way be delayed or prejudiced by these presents.

31. THAT the principal money intended to be secured hereby is the sum of \$3,430,000.00 and interest is at the rate of six and 599/1000 (6.599%) per centum per annum calculated half yearly and not in advance.

32. THAT the terms of repayment of and the rate of interest payable under this Mortgage may be varied, extended, increased or decreased or otherwise amended as the Mortgagee and the then registered owner(s) of the Mortgagor's current interest in 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 other 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 the leasehold interest in the said lands subsequent to the registration of this Mortgage as if and to the extent that said alteration had been registered before the registration of any of said subsequent interests.

33. THAT in the event the lands that are the subject matter of this mortgage are wholly or partially taken by expropriation or by the right of an eminent domain, or any similar such taking, then the following shall apply:

- (a) The entire balance of principal or interest then outstanding shall forthwith and without demand or notice become due and payable;
- (b) I do hereby assign to the Mortgagee the full proceeds to be obtained or acquired in any such taking and further assign to the Mortgagee my right to negotiate settlement on my behalf with the taking authority.

34. THAT I also pledge and charge to and in favour of the Mortgagee, as additional security for the sums advanced under this mortgage, all appliances which shall include, but not be limited to, the following: refrigerator, freezer, dishwasher, stove, and microwave oven, and whether same shall be built-in or movable in nature and whether currently at the premises or later brought onto the premises and I further agree not to remove these appliances while there are any sums outstanding to the Mortgagee.

35. THAT in the event the Mortgagee is a Credit Union, this mortgage shall be and is deemed to be a Loan Agreement pursuant to the requirements of the Credit Union Act of Alberta or any legislation similar thereto or in replacement thereof.

36. THAT the Mortgagor acknowledges and agrees that the terms and conditions of the offer of credit giving rise to this Mortgage, addressed to the Mortgagor and accepted by the Mortgagor (as amended from time to time, herein called the "Commitment Letter"), are hereby incorporated by reference as terms and conditions of this Mortgage and shall not merge herein and that default in any of such terms or conditions shall constitute default hereunder and that in the event of any conflict, the terms and provisions of this Mortgage shall govern.

37. THAT any default by the Mortgagor under any of the terms, covenants, provisos or conditions of the Lease, or any other security granted as additional or collateral security to this Mortgage shall, at the election of the Mortgagee, constitute and be deemed a default under this Mortgage.

38. THAT in the event of the Mortgagor further encumbering its assets or making direct or indirect changes in its ownership, without the prior written consent of the Mortgagee, which consent shall not be unnecessarily withheld provided that the Mortgagor is not then in default hereunder, all monies hereby secured with accrued interest thereon shall immediately become due and payable at the Mortgagee's option and sole discretion.

39. THAT in the event the lands or part of the lands mortgaged herein is a condominium under the Condominium Property Act of Alberta or similar legislation, the following shall apply:

- (a) "Condominium Corporation" as used herein means the Condominium Corporation of which the Mortgagor is a member by virtue of the ownership by the Mortgagor of the condominium unit being charged by this mortgage.
- (b) I hereby assign, transfer and set over unto the Mortgagee all my rights which now exist, or may hereafter come into existence, to vote at meetings of the Condominium Corporation:
  - (i) In all cases in which a unanimous or special resolution is required by the Condominium Property Act of Alberta as amended, the By-Laws of the Corporation, or any Agreement with the Condominium Corporation,
  - (ii) In all other cases other than as referred to in Subclause (i) of this Clause (b), provided that in the event the Mortgagee is either not present, or present by proxy, if present, does not wish to vote, then I may exercise the voting right without further authority.
- (c) I do hereby covenant and agree to execute any documents which the Mortgagee may request me to execute, including, but not limited to proxies if required, in order to give effect to the assignment of the aforesaid voting rights of the Mortgagee.
- (d) I agree to observe and perform all covenants and provisions required to be observed and performed pursuant to:
  - (i) The terms of this Mortgage;
  - (ii) The Condominium Property Act of Alberta, all amendments thereto, and any legislation passed in substitution thereof, and
  - (iii) The By-Laws and Regulations of the Condominium Corporation and any amendments thereto.
- (e) I further covenant and agree that where I default in my obligation to contribute to the common expenses assessed or levied by the Condominium Corporation, or any authorized agent on its behalf, or any assessment, instalment or payment due to the Condominium Corporation or upon breach of any covenant or provision hereinbefore in this paragraph contained, including those

covenants or provisions referred to in Clause (d) hereof, regardless of any other action or proceeding taken to be or taken by the Condominium Corporation, the Mortgagee, at its option and without notice to me, may deem such default to be default under the terms of the mortgage and proceed to exercise its right herein.

- (f) Upon default herein and notwithstanding any other right or action of the Condominium Corporation or the Mortgagee, the Mortgagee may distrain for arrears of any assessments, instalments or payments due to the Mortgagee or arising under any of the Clauses herein contained.
- (g) The Mortgagee shall have the right to pay any condominium levies in arrears, whether or not same rank in priority to this mortgage; and any money so paid shall be repayable by me forthwith and shall be added to the principal herein and shall be a charge upon the mortgaged premises.

40. THAT I represent and warrant to the Mortgagee that neither I, nor to the best of my knowledge, any other person, have ever caused or permitted any hazardous materials to be placed, held, located, or disposed of on, under or at the Lands, and that my business and assets are operated in compliance with the applicable laws intended to protect the environment (including, without limitation, laws respecting the disposal or emission of hazardous materials).

THAT I further represent and warrant to the Mortgagee that no enforcement actions with respect to environmental matters relating to the said Lands are threatened or pending, and that to the best of my knowledge there are no violations of any federal, provincial, or local environmental laws with respect to the Lands. I covenant and agree that, if any such violation should come to my attention during the currency of this Mortgage, I shall immediately notify the Mortgagee of same.

THAT I covenant and agree that I will, at all times during the continuance of this Mortgage, operate the Lands in compliance with applicable laws intended to protect the environment (including, without limitation, laws respecting the disposal or emission of hazardous materials) and shall permit the Mortgagee to conduct inspections and appraisals of all or any of my records, business and assets, at any time, from time to time, to ensure such compliance. I shall promptly pay all of the costs and expenses of conducting such inspections and appraisals, including costs on a solicitor-and-his-own-client basis, in default of which such costs and expenses shall immediately be added to the principal monies hereby secured, and shall be a charge against the Lands and shall bear interest at the mortgage rate until repaid. I hereby indemnify the Mortgagee, its officers, directors, employees, agents, and shareholders and agree to hold each of them harmless from and against any and all losses, liabilities, damages, costs, expenses and claims of any, and every kind whatsoever, relating to the hazardous materials placed, held, located, or disposed of on the Lands, including without limitation:

- (a) costs, on a solicitor-and-own-client full indemnity basis, of defending and/or counterclaiming or claiming against third parties in respect of any action or matter; and
- (b) any costs, liability or damage arising out of a settlement of any action entered into by the Mortgagee, with or without my consent, which at any time, from time to time, may be paid, incurred or asserted against any of them for, with respect to, or as a direct or indirect result of, the presence on or under, or escape, seepage, leakage, spillage, discharge, emission, or release from the Lands, or into or upon any lands, the atmosphere, any water course, body of water or wetland, of any hazardous materials; and
- (c) a reduction in the value of the Mortgaged Lands.

41. THAT this agreement shall be governed by the Laws of the Province of Alberta. In the event action under this agreement is commenced in a court of competent jurisdiction in the Province of Alberta, I hereby agree to attorn to the jurisdiction of the Alberta Court in the said action.

42. PREPAYMENT

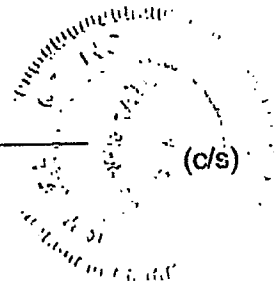
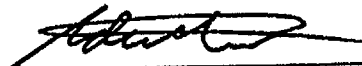
THAT I shall have the right to prepay this mortgage as set out in Schedule "A" attached hereto.

43. THAT for the better securing to the Mortgagee the repayment in manner aforesaid of the said principal and interest and other charges and money hereby secured I do hereby mortgage to the said Mortgagee all my estate and interest in the said lands.

IN WITNESS WHEREOF the mortgagor has hereunto subscribed its name (and affixed its corporate seal by its duly authorized officers in that behalf) this 10<sup>th</sup> day of August, 2007

IGW REIT GP INC.

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



## SCHEDULE "A"

### CLOSED MORTGAGES

The mortgagor, when not in default under this mortgage, shall have the following privileges:

1. In any calendar year, the mortgagor shall have the right, from time to time, to prepay amounts totalling not more than 20% of the original principal amount of this mortgage, without notice or bonus. It is agreed that, in the event this privilege is not fully exercised in any calendar year, there shall be no right to add the unexercised portion to the 20% allowable in any following calendar years. That is, the rights conferred herein shall not be cumulative. Notwithstanding any partial prepayment, the regular monthly payments shall continue unabated.
2. The mortgagor shall have the privilege, once in any calendar year, of increasing or decreasing the regular monthly payments under this mortgage by an amount not more than 20% of the original mortgage payment provided for under this mortgage ("the original mortgage payment"); provided that the resulting payment is not less than the original mortgage payment. This privilege shall not be cumulative.
3. The mortgagor may pay the whole amount owing under this mortgage upon payment of the **greater of** an additional three (3) months' bonus interest on the principal amount, or an amount in compensation for loss of interest, if any, where the interest rate of this mortgage is greater than the mortgagee's current interest rate for reinvestment for the remainder of the term of this mortgage. The current interest rate for reinvestment shall be the mortgagee's stated rate in effect on the prepayment date, for new mortgages of a similar kind offered for a term not greater than the remainder of the term of the existing mortgage, and not less than the next shorter term offered, except where the remainder of the term is less than the shortest term offered, the mortgagee's stated rate for the shortest term shall apply. The amount to be paid in compensation shall be calculated by the mortgagee, and, in absence of an obvious error, shall be conclusive.



072515913

072515913 REGISTERED 2007 08 27  
MORT - MORTGAGE  
DOC 3 OF 4 DR# : 4606049 ADR/ATHOMPSO  
LINC/S: 0029777828 +

**THE LAND TITLES ACT**

DATED August \_\_\_\_, A.D. 2007

**IGW REIT GP INC.**

TO

**FIRST CALGARY SAVINGS  
& CREDIT UNION LTD.**

3/4.

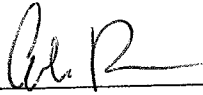
**MORTGAGE**

Faber Bickman Leon  
Barristers and Solicitors  
350, 603 - 7th Avenue S.W.  
CALGARY, Alberta  
T2P 2T5

File No.: LDL 2070750



THIS IS EXHIBIT "C" REFERRED TO IN THE AFFIDAVIT OF  
TYSON HARTWELL MADE BEFORE ME ON THE  
13<sup>TH</sup> DAY OF NOVEMBER, 2013



A ~~COMMISSIONER FOR TAKING AFFIDAVITS FOR~~  
Notary Public ~~BRITISH COLUMBIA~~  
Alberta

~~Colin Poon~~  
Student-at-Law



# LAND TITLE CERTIFICATE

S  
LINC                      SHORT LEGAL                      TITLE NUMBER  
0029 777 828            0320755;3;8B            072 515 912

LEGAL DESCRIPTION  
PLAN 0320755  
BLOCK 3  
LOT 8B  
EXCEPTING THEREOUT ALL MINES AND MINERALS  
AREA: 3.01 HECTARES (7.44 ACRES) MORE OR LESS

ESTATE: FEE SIMPLE  
ATS REFERENCE: 4;19;39;6;NW

MUNICIPALITY: TOWN OF STETTLER

REFERENCE NUMBER: 032 049 598 +1

REGISTERED OWNER(S)				
REGISTRATION	DATE (DMY)	DOCUMENT TYPE	VALUE	CONSIDERATION
072 515 912	27/08/2007	TRANSFER OF LAND		SEE INSTRUMENT

## OWNERS

IGW REIT GP INC.  
OF 200-848 COURTNEY STREET  
VICTORIA  
BRITISH COLUMBIA V8W 1C4  
(DATA UPDATED BY: CHANGE OF ADDRESS 082055730)

## ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
792 307 266	12/12/1979	CAVEAT RE : EASEMENT CAVEATOR - ALBERTA POWER LIMITED. "PART"
862 069 655	04/04/1986	CAVEAT RE : EASEMENT CAVEATOR - ALBERTA POWER LIMITED.

( CONTINUED )

ENCUMBRANCES, LIENS & INTERESTS

PAGE 2

# 072 515 912

REGISTRATION

NUMBER DATE (D/M/Y) PARTICULARS

10035 105 STREET, EDMONTON  
ALBERTA  
AGENT - DON FLORY  
"PART"

862 085 286 25/04/1986 UTILITY RIGHT OF WAY  
GRANTEE - THE TOWN OF STETTLER.  
"PART"

032 049 601 06/02/2003 UTILITY RIGHT OF WAY  
GRANTEE - THE TOWN OF STETTLER.  
AS TO PORTION OR PLAN:0320756

042 276 698 06/07/2004 CAVEAT  
RE : EASEMENT

042 276 699 06/07/2004 RESTRICTIVE COVENANT

072 515 911 27/08/2007 CAVEAT  
RE : LEASE  
CAVEATOR - PEAVEY INDUSTRIES LIMITED.  
7740 - 40 AVENUE  
RED DEER  
ALBERTA T4P2H9

072 515 913 27/08/2007 MORTGAGE  
MORTGAGEE - FIRST CALGARY SAVINGS & CREDIT UNION  
LTD.  
P.O. BOX 908, CALGARY  
ALBERTA T2P2J6  
ORIGINAL PRINCIPAL AMOUNT: \$3,430,000

072 515 914 27/08/2007 CAVEAT  
RE : ASSIGNMENT OF RENTS AND LEASES  
CAVEATOR - FIRST CALGARY SAVINGS & CREDIT UNION  
LTD.  
#1100, 333-7 AVE SW  
CALGARY  
ALBERTA T2P2Z1  
AGENT - LAWRENCE D LEON

112 135 333 11/05/2011 NOTICE OF SECURITY INTEREST  
RE : FIXTURES  
IN FAVOUR OF - MAXIUM FINANCIAL SERVICES INC.  
30 VOGELL ROAD,SUITE 1  
RICHMOND HILL  
ONTARIO L4B3K6  
DEBTOR - IGW REIT GP INC.  
DEBTOR - IGW REIT LIMITED PARTNERSHIP.  
BOTH OF:

( CONTINUED )

ENCUMBRANCES, LIENS & INTERESTS

PAGE 3  
# 072 515 912

REGISTRATION

NUMBER DATE (D/M/Y) PARTICULARS

200, 710 REDBRICK ST  
VICTORIA  
BRITISH COLUMBIA V8T5J3  
AMOUNT: \$70,350  
EXPIRES: 2017/05/10

122 210 733 03/07/2012 MORTGAGE  
MORTGAGEE - COMPUTERSHARE TRUST COMPANY OF CANADA.  
C/O TIMBERCREEK MORTGAGE INVESTMENT CORPORATION  
1000 YONGE ST, SUITE 500  
TORONTO  
ONTARIO M4W2K2  
ORIGINAL PRINCIPAL AMOUNT: \$80,000,000

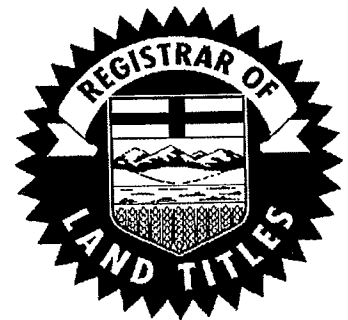
122 210 735 03/07/2012 CAVEAT  
RE : ASSIGNMENT OF RENTS AND LEASES  
CAVEATOR - COMPUTERSHARE TRUST COMPANY OF CANADA.  
ATTN:ANDREW AND PAUL JONES  
C/O TIMBERCREEK MORTGAGE INVESTMENT CORPORATION  
1000 YONGE ST, SUITE 500  
TORONTO  
ONTARIO M4W2K2

TOTAL INSTRUMENTS: 012

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN  
ACCURATE REPRODUCTION OF THE CERTIFICATE OF  
TITLE REPRESENTED HEREIN THIS 12 DAY OF  
NOVEMBER, 2013 AT 05:09 P.M.

ORDER NUMBER: 24778358

CUSTOMER FILE NUMBER:



\*END OF CERTIFICATE\*

THIS ELECTRONICALLY TRANSMITTED LAND TITLES PRODUCT IS INTENDED  
FOR THE SOLE USE OF THE ORIGINAL PURCHASER, AND NONE OTHER,  
SUBJECT TO WHAT IS SET OUT IN THE PARAGRAPH BELOW.

THE ABOVE PROVISIONS DO NOT PROHIBIT THE ORIGINAL PURCHASER FROM  
INCLUDING THIS UNMODIFIED PRODUCT IN ANY REPORT, OPINION,  
APPRAISAL OR OTHER ADVICE PREPARED BY THE ORIGINAL PURCHASER AS  
PART OF THE ORIGINAL PURCHASER APPLYING PROFESSIONAL, CONSULTING  
OR TECHNICAL EXPERTISE FOR THE BENEFIT OF CLIENT(S).



# LAND TITLE CERTIFICATE

S  
LINC                      SHORT LEGAL  
0030 496 947            3175TR;3;2

TITLE NUMBER  
072 515 912 +1

## LEGAL DESCRIPTION

PLAN 3175TR  
BLOCK 3  
LOT 2  
CONTAINING .8370 HECTARES ( 2.07 ACRES) MORE OR LESS  
EXCEPTING THEREOUT:

		HECTARES	(ACRES)	MORE OR LESS
A) PLAN 0121521	SUBDIVISION	0.374	0.92	
B) PLAN 0121524	ROAD	0.112	0.28	
C) PLAN 0422887	SUBDIVISION	0.074	0.18	

EXCEPTING THEREOUT ALL MINES AND MINERALS

ATS REFERENCE: 4;19;39;6;NW  
ESTATE: FEE SIMPLE

MUNICIPALITY: TOWN OF STETTNER

REFERENCE NUMBER: 042 210 047 +1

REGISTRATION	DATE (DMY)	REGISTERED OWNER(S) DOCUMENT TYPE	VALUE	CONSIDERATION
072 515 912	27/08/2007	TRANSFER OF LAND		SEE INSTRUMENT

## OWNERS

IGW REIT GP INC.  
OF 200-848 COURTNEY STREET  
VICTORIA  
BRITISH COLUMBIA V8W 1C4  
(DATA UPDATED BY: CHANGE OF ADDRESS 082055730)

## ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
042 276 698	06/07/2004	CAVEAT RE : EASEMENT

( CONTINUED )

-----  
ENCUMBRANCES, LIENS & INTERESTS

PAGE 2

# 072 515 912 +1

REGISTRATION

NUMBER      DATE (D/M/Y)      PARTICULARS

-----

042 276 699      06/07/2004      RESTRICTIVE COVENANT

072 515 911      27/08/2007      CAVEAT  
RE : LEASE  
CAVEATOR - PEAVEY INDUSTRIES LIMITED.  
7740 - 40 AVENUE  
RED DEER  
ALBERTA T4P2H9

072 515 913      27/08/2007      MORTGAGE  
MORTGAGEE - FIRST CALGARY SAVINGS & CREDIT UNION  
LTD.  
P.O. BOX 908, CALGARY  
ALBERTA T2P2J6  
ORIGINAL PRINCIPAL AMOUNT: \$3,430,000

072 515 914      27/08/2007      CAVEAT  
RE : ASSIGNMENT OF RENTS AND LEASES  
CAVEATOR - FIRST CALGARY SAVINGS & CREDIT UNION  
LTD.  
#1100, 333-7 AVE SW  
CALGARY  
ALBERTA T2P2Z1  
AGENT - LAWRENCE D LEON

112 135 333      11/05/2011      NOTICE OF SECURITY INTEREST  
RE : FIXTURES  
IN FAVOUR OF - MAXIUM FINANCIAL SERVICES INC.  
30 VOGELL ROAD, SUITE 1  
RICHMOND HILL  
ONTARIO L4B3K6  
DEBTOR - IGW REIT GP INC.  
DEBTOR - IGW REIT LIMITED PARTNERSHIP.  
BOTH OF:  
200, 710 REDBRICK ST  
VICTORIA  
BRITISH COLUMBIA V8T5J3  
AMOUNT: \$70,350  
EXPIRES: 2017/05/10

122 210 733      03/07/2012      MORTGAGE  
MORTGAGEE - COMPUTERSHARE TRUST COMPANY OF CANADA.  
C/O TIMBERCREEK MORTGAGE INVESTMENT CORPORATION  
1000 YONGE ST, SUITE 500  
TORONTO  
ONTARIO M4W2K2  
ORIGINAL PRINCIPAL AMOUNT: \$80,000,000

122 210 735      03/07/2012      CAVEAT

( CONTINUED )

REGISTRATION

NUMBER DATE (D/M/Y) PARTICULARS

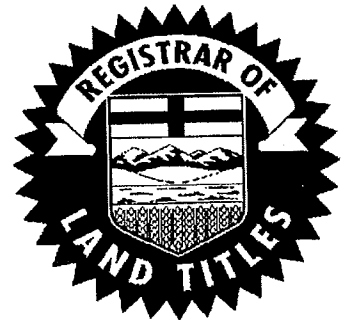
RE : ASSIGNMENT OF RENTS AND LEASES  
CAVEATOR - COMPUTERSHARE TRUST COMPANY OF CANADA.  
ATTN:ANDREW AND PAUL JONES  
C/O TIMBERCREEK MORTGAGE INVESTMENT CORPORATION  
1000 YONGE ST, SUITE 500  
TORONTO  
ONTARIO M4W2K2

TOTAL INSTRUMENTS: 008

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN  
ACCURATE REPRODUCTION OF THE CERTIFICATE OF  
TITLE REPRESENTED HEREIN THIS 12 DAY OF  
NOVEMBER, 2013 AT 05:18 P.M.

ORDER NUMBER: 24778395

CUSTOMER FILE NUMBER:



\*END OF CERTIFICATE\*

THIS ELECTRONICALLY TRANSMITTED LAND TITLES PRODUCT IS INTENDED  
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PART OF THE ORIGINAL PURCHASER APPLYING PROFESSIONAL, CONSULTING  
OR TECHNICAL EXPERTISE FOR THE BENEFIT OF CLIENT(S).



# LAND TITLE CERTIFICATE

S  
LINC                      SHORT LEGAL  
0032 200 743        0720453;3;15

TITLE NUMBER  
072 515 912 +2

LEGAL DESCRIPTION  
PLAN 0720453  
BLOCK 3  
LOT 15  
EXCEPTING THEREOUT ALL MINES AND MINERALS  
AREA: 0.337 HECTARES (0.83 ACRES) MORE OR LESS

ESTATE: FEE SIMPLE  
ATS REFERENCE: 4;19;39;6;NW

MUNICIPALITY: TOWN OF STETTLE

REFERENCE NUMBER: 072 034 534

REGISTRATION	DATE (DMY)	REGISTERED OWNER(S) DOCUMENT TYPE	VALUE	CONSIDERATION
072 515 912	27/08/2007	TRANSFER OF LAND		SEE INSTRUMENT

## OWNERS

IGW REIT GP INC.  
OF 200-848 COURTNEY STREET  
VICTORIA  
BRITISH COLUMBIA V8W 1C4  
(DATA UPDATED BY: CHANGE OF ADDRESS 082055730)

## ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
042 276 698	06/07/2004	CAVEAT RE : EASEMENT
042 276 699	06/07/2004	RESTRICTIVE COVENANT
072 415 941	13/07/2007	CAVEAT RE : LEASE INTEREST CAVEATOR - ALBERTA TREASURY BRANCHES.

( CONTINUED )



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ENCUMBRANCES, LIENS & INTERESTS

PAGE 2

# 072 515 912 +2

REGISTRATION

NUMBER      DATE (D/M/Y)      PARTICULARS

-----

C/O AARON FRIEDENTHAL  
9888 JASPER AVE  
EDMONTON  
ALBERTA  
AGENT - AARON FRIEDENTHAL.

072 515 913      27/08/2007 MORTGAGE  
MORTGAGEE - FIRST CALGARY SAVINGS & CREDIT UNION  
LTD.  
P.O. BOX 908, CALGARY  
ALBERTA T2P2J6  
ORIGINAL PRINCIPAL AMOUNT: \$3,430,000

072 515 914      27/08/2007 CAVEAT  
RE : ASSIGNMENT OF RENTS AND LEASES  
CAVEATOR - FIRST CALGARY SAVINGS & CREDIT UNION  
LTD.  
#1100, 333-7 AVE SW  
CALGARY  
ALBERTA T2P2Z1  
AGENT - LAWRENCE D LEON

092 207 735      23/06/2009 CAVEAT  
RE : RIGHT OF WAY AGREEMENT  
CAVEATOR - ATCO ELECTRIC LTD.  
10035-105 STREET  
EDMONTON  
ALBERTA T5J2V6  
AGENT - VAL MODJANI

112 135 333      11/05/2011 NOTICE OF SECURITY INTEREST  
RE : FIXTURES  
IN FAVOUR OF - MAXIUM FINANCIAL SERVICES INC.  
30 VOGELL ROAD, SUITE 1  
RICHMOND HILL  
ONTARIO L4B3K6  
DEBTOR - IGW REIT GP INC.  
DEBTOR - IGW REIT LIMITED PARTNERSHIP.  
BOTH OF:  
200, 710 REDBRICK ST  
VICTORIA  
BRITISH COLUMBIA V8T5J3  
AMOUNT: \$70,350  
EXPIRES: 2017/05/10

122 210 733      03/07/2012 MORTGAGE  
MORTGAGEE - COMPUTERSHARE TRUST COMPANY OF CANADA.  
C/O TIMBERCREEK MORTGAGE INVESTMENT CORPORATION  
1000 YONGE ST, SUITE 500

( CONTINUED )

ENCUMBRANCES, LIENS & INTERESTS

PAGE 3

# 072 515 912 +2

REGISTRATION

NUMBER DATE (D/M/Y) PARTICULARS

TORONTO  
ONTARIO M4W2K2  
ORIGINAL PRINCIPAL AMOUNT: \$80,000,000

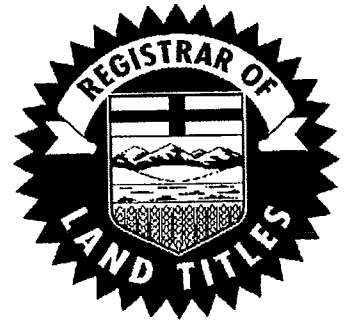
122 210 735 03/07/2012 CAVEAT  
RE : ASSIGNMENT OF RENTS AND LEASES  
CAVEATOR - COMPUTERSHARE TRUST COMPANY OF CANADA.  
ATTN:ANDREW AND PAUL JONES  
C/O TIMBERCREEK MORTGAGE INVESTMENT CORPORATION  
1000 YONGE ST, SUITE 500  
TORONTO  
ONTARIO M4W2K2

TOTAL INSTRUMENTS: 009

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN  
ACCURATE REPRODUCTION OF THE CERTIFICATE OF  
TITLE REPRESENTED HEREIN THIS 12 DAY OF  
NOVEMBER, 2013 AT 05:18 P.M.

ORDER NUMBER: 24778395

CUSTOMER FILE NUMBER:



\*END OF CERTIFICATE\*

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APPRAISAL OR OTHER ADVICE PREPARED BY THE ORIGINAL PURCHASER AS  
PART OF THE ORIGINAL PURCHASER APPLYING PROFESSIONAL, CONSULTING  
OR TECHNICAL EXPERTISE FOR THE BENEFIT OF CLIENT(S).



# LAND TITLE CERTIFICATE

S  
LINC                      SHORT LEGAL  
0032 200 735          3175TR;3;1

TITLE NUMBER  
072 515 912 +3

## LEGAL DESCRIPTION

PLAN 3175TR  
BLOCK 3  
LOT 1  
CONTAINING .8370 HECTARES ( 2.07 ACRES) MORE OR LESS  
EXCEPTING THEREOUT:

	HECTARES	(ACRES)	MORE OR LESS
A) PLAN 0720453      SUBDIVISION	0.337	0.83	
EXCEPTING THEREOUT ALL MINES AND MINERALS			

ATS REFERENCE: 4;19;39;6;NW  
ESTATE: FEE SIMPLE

MUNICIPALITY: TOWN OF STETTNER

REFERENCE NUMBER: 072 034 534 +1

REGISTERED OWNER(S)				
REGISTRATION	DATE (DMY)	DOCUMENT TYPE	VALUE	CONSIDERATION
072 515 912	27/08/2007	TRANSFER OF LAND		SEE INSTRUMENT

## OWNERS

IGW REIT GP INC.  
OF 200-848 COURTNEY STREET  
VICTORIA  
BRITISH COLUMBIA V8W 1C4  
(DATA UPDATED BY: CHANGE OF ADDRESS 082055730)

## ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
042 276 698	06/07/2004	CAVEAT RE : EASEMENT
042 276 699	06/07/2004	RESTRICTIVE COVENANT

( CONTINUED )

-----  
ENCUMBRANCES, LIENS & INTERESTS

PAGE 2

# 072 515 912 +3

REGISTRATION

NUMBER DATE (D/M/Y) PARTICULARS  
-----

072 515 911 27/08/2007 CAVEAT  
RE : LEASE  
CAVEATOR - PEAHEY INDUSTRIES LIMITED.  
7740 - 40 AVENUE  
RED DEER  
ALBERTA T4P2H9

072 515 913 27/08/2007 MORTGAGE  
MORTGAGEE - FIRST CALGARY SAVINGS & CREDIT UNION  
LTD.  
P.O. BOX 908, CALGARY  
ALBERTA T2P2J6  
ORIGINAL PRINCIPAL AMOUNT: \$3,430,000

072 515 914 27/08/2007 CAVEAT  
RE : ASSIGNMENT OF RENTS AND LEASES  
CAVEATOR - FIRST CALGARY SAVINGS & CREDIT UNION  
LTD.  
#1100, 333-7 AVE SW  
CALGARY  
ALBERTA T2P2Z1  
AGENT - LAWRENCE D LEON

112 135 333 11/05/2011 NOTICE OF SECURITY INTEREST  
RE : FIXTURES  
IN FAVOUR OF - MAXIUM FINANCIAL SERVICES INC.  
30 VOGELL ROAD, SUITE 1  
RICHMOND HILL  
ONTARIO L4B3K6  
DEBTOR - IGW REIT GP INC.  
DEBTOR - IGW REIT LIMITED PARTNERSHIP.  
BOTH OF:  
200, 710 REDBRICK ST  
VICTORIA  
BRITISH COLUMBIA V8T5J3  
AMOUNT: \$70,350  
EXPIRES: 2017/05/10

122 210 733 03/07/2012 MORTGAGE  
MORTGAGEE - COMPUTERSHARE TRUST COMPANY OF CANADA.  
C/O TIMBERCREEK MORTGAGE INVESTMENT CORPORATION  
1000 YONGE ST, SUITE 500  
TORONTO  
ONTARIO M4W2K2  
ORIGINAL PRINCIPAL AMOUNT: \$80,000,000

122 210 735 03/07/2012 CAVEAT  
RE : ASSIGNMENT OF RENTS AND LEASES  
CAVEATOR - COMPUTERSHARE TRUST COMPANY OF CANADA.

( CONTINUED )

ENCUMBRANCES, LIENS & INTERESTS

PAGE 3

# 072 515 912 +3

REGISTRATION

NUMBER      DATE (D/M/Y)      PARTICULARS

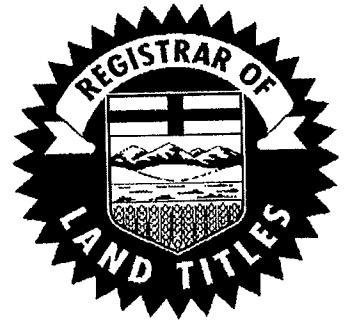
ATTN:ANDREW AND PAUL JONES  
C/O TIMBERCREEK MORTGAGE INVESTMENT CORPORATION  
1000 YONGE ST, SUITE 500  
TORONTO  
ONTARIO M4W2K2

TOTAL INSTRUMENTS: 008

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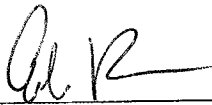


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13<sup>TH</sup> DAY OF NOVEMBER, 2013

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

A COMMISSIONER FOR TAKING AFFIDAVITS FOR  
BRITISH COLUMBIA

**Colin Poon**  
~~Student-at-Law~~

## Bahrami, Elly

---

**From:** Verbrugge, Magnus C.  
**Sent:** November-08-13 9:58 AM  
**To:** dgruber@farris.com  
**Cc:** TSandler@osler.com; michael.j.vermette@ca.pwc.com; Tyson Hartwell (THartwell@firstcalgary.com); Bahrami, Elly; Dawkins, Robert  
**Subject:** League - First Calgary - IGW REIT GP Inc. - 50 Avenue, Stettler AB

David,

We are writing on behalf of our client First Calgary Savings & Credit Union.

The November 1<sup>st</sup> payment under the first mortgage held by our client against property owned by IGW REIT GP Inc., located at 600 – 50 Avenue, Stettler, AB was returned. The amount of the payment was \$22,015.00.

It is our client's understanding that the property in Stettler produces operating income. If the mortgage is not being paid, then unless the mortgagor can confirm that the revenue from the property is being segregated and not used for other purposes, it will mean that First Calgary's collateral is being fraudulently conveyed out of that entity to fund the cash burn in other entities.

We understand that other creditors have been told that this is what is occurring on the properties that they have financed. First Calgary objects to this in the strongest terms: any such fraudulent conveyance would be in bad faith. The fact that some entities in the LEAGUE group are out of cash does not entitle those entities to use the cash from other entities.

Please confirm that the Stettler property has been financially ring-fenced and that the revenue is being held separate and apart. And if that is the case, please confirm that those funds will be remitted to First Calgary forthwith in an amount sufficient to pay the mortgage.

Thanks,  
Magnus

**Magnus C. Verbrugge**

Partner

T 604.640.4198 | F 604.622.5898 | [mverbrugge@blg.com](mailto:mverbrugge@blg.com)

1200 Waterfront Centre, 200 Burrard Street, P.O. Box 48600, Vancouver, BC, Canada V7X 1T2

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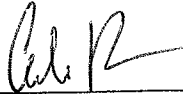
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13<sup>TH</sup> DAY OF NOVEMBER, 2013



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~~Notary Public - BRITISH COLUMBIA -~~  
Alberta

Colin Poon  
~~Student-at-Law~~



## Bahrami, Elly

---

**From:** David Gruber <dgruber@farris.com>  
**Sent:** November-08-13 5:53 PM  
**To:** Verbrugge, Magnus C.  
**Cc:** TSandler@osler.com; michael.j.vermette@ca.pwc.com; Tyson Hartwell (THartwell@firstcalgary.com); Bahrami, Elly; Dawkins, Robert  
**Subject:** RE: League - First Calgary - IGW REIT GP Inc. - 50 Avenue, Stettler AB

Magnus,

I appreciate all your clients are seeking to position themselves to oppose continuation of this proceeding and that we can expect correspondence such as this to be attached as an exhibit to an affidavit. It is not my practice to respond substantively to correspondence written for that apparent purpose as I believe the better course is for the parties to make their submissions as submissions and have their clients give evidence.

Best regards,

David E. Gruber  
*Partner*

**FARRIS**

Farris, Vaughan, Wills & Murphy LLP  
25th Floor, 700 W Georgia St  
Vancouver, BC V7Y 1B3

Tel 604 661 9361  
Fax 604 661 9349

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**From:** Verbrugge, Magnus C. [mailto:MVerbrugge@blg.com]  
**Sent:** November 8, 2013 9:58 AM  
**To:** David Gruber  
**Cc:** TSandler@osler.com; michael.j.vermette@ca.pwc.com; Tyson Hartwell (THartwell@firstcalgary.com); Bahrami, Elly; Dawkins, Robert  
**Subject:** League - First Calgary - IGW REIT GP Inc. - 50 Avenue, Stettler AB

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Thanks,  
Magnus

**Magnus C. Verbrugge**

Partner

T 604.640.4198 | F 604.622.5898 | [mverbrugge@blg.com](mailto:mverbrugge@blg.com)

1200 Waterfront Centre, 200 Burrard Street, P.O. Box 48600, Vancouver, BC, Canada V7X 1T2

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13<sup>TH</sup> DAY OF NOVEMBER, 2013

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

A COMMISSIONER FOR TAKING AFFIDAVITS FOR  
BRITISH COLUMBIA

**Colin Poon**  
**Student-at-Law**

Magnus C. Verbrugge  
T (604) 640-4198  
F (604) 622-5898  
mverbrugge@blg.com

Borden Ladner Gervais LLP  
1200 Waterfront Centre  
200 Burrard St, P.O. Box 48600  
Vancouver, BC, Canada V7X 1T2  
T 604.687.5744  
F 604.687.1415  
blg.com



**File No. 545180/000000**

November 6, 2013

**Delivered by Email**

PricewaterhouseCoopers Inc.  
250 Howe Street  
Suite 700  
Vancouver, BC V6C 3S7

**Attention: Michael Vermette**

Osler, Hoskin & Harcourt LLP  
100 King Street West  
1 First Canadian Place  
Suite 4600, P.O. Box 50  
Toronto ON M5X 1B8

**Attention: Tracy Sandler**

Dear Sirs/Mesdames:

**Re: In the Matter League Assets Corporation *et al*, No. S137743 (the "CCAA Proceedings")**

We are counsel for TCC Mortgage Holdings Inc., Citizens Bank of Canada, FCC Mortgage Associates Inc., Firm Capital Corporation, Firm Capital Mortgage Fund Inc., and First Calgary Financial, all of whom are secured creditors of specific Petitioners in the CCAA Proceedings.

We are writing this letter on behalf of our clients, but it has been written in consultation with, and with input from, counsel for a number of other secured creditors, as follows:

Firm / Counsel	Creditor Clients	Creditors' Approximate Secured Claims
Borden Ladner Gervais (Magnus Verbrugge, Rob Dawkins)	Firm Capital Corporation and affiliates	\$27.2 million
	Citizens Bank of Canada	\$2.1 million
	TCC Mortgage Holdings Inc.	\$17.9 million
	First Calgary Financial	\$2.8 million

Lawson Lundell (Heather Ferris, Kim Robertson)	EDC	\$2.5 million
	Bank of Montreal	\$7.0 million
Owen Bird (Alan Frydenlund, Scott Stephens)	Canadian Western Bank	\$6.7 million
Blakes (Bill Kaplan)	Timbercreek	\$23.0 million
Kornfeld LLP (Doug Hyndman)	Business Development Bank	\$6.0 million
Bull Housser (Jane Milton, Kieran Siddall)	Interior Savings Credit Union	\$10.0 million
Gowlings (Colin Brousson)	Quest Capital	\$7.0 million
Burns Fitzpatrick (Dennis Fitzpatrick)	Roynat	\$5.9 million
Heath Law LLP (Chuck Blanaru)	Coastal Community Credit Union	\$4.2 million
	<b>TOTAL</b>	<b>Approx. \$122.3 million</b>

This letter has been reviewed by, and has the support of, all of the counsel listed above, on behalf of their clients. Those lenders have secured claims that in the aggregate constitute more than \$120,000,000, which is the majority of the arm's length secured debt owing by the League Group. There are other lenders whose counsel have been part of the discussions and whose counsel believe would be supportive of this letter, who have not yet given instructions to their clients.

It is, of course, already known to all concerned that the CCAA Proceedings as currently constituted are vigorously opposed by most of – and perhaps all of – the third party secured creditors. There are a number of reasons why the secured creditors consider the CCAA to be inappropriate, unworkable and without any prospect of success, including the fact that most of the entities are not “debtor companies” under the CCAA, that many of them are likely not even insolvent on either a balance sheet or cash flow basis, and that there is no compromise or arrangement that the lenders (who collectively are in a veto position) would support.

In fact, it appears that there is no “business” to restructure in any event: League Assets depended for its short-lived success on continued growth and injections of new debt, new investment, and new acquisitions that would generate fees for the management or “head office” entities. When the money stopped coming in, the whole edifice appears to have quickly collapsed under its own weight.

However, the purpose of this letter is not to elaborate on the reasons why the CCAA should not continue in any form. It seems as self-evident that this process must necessarily evolve into a liquidation. The only question is what the liquidation should/will look like.

At the same time, the secured creditors are mindful of the fact that the investors in the League Assets Group have contributed more than \$300 million, are widely dispersed, may be financially unsophisticated in many cases, and likely require a process that can assist them to maximize their recovery.

In recognition of this practical reality, counsel for the secured creditors have been working together closely since the last court application, in an effort to develop a constructive alternative approach that can fully protect the interests of the investors, without unnecessary impact on the secured creditors. This letter sets out the framework of a receivership process that the secured creditors would generally not oppose, and that we believe will provide the tools for the appropriate parties to pursue the best potential recovery for the investors.

The receivership proposal set out below is designed around the following facts and principles:

1. There is no fundamental business to restructure because the influx of equity and debt financing into the League Group has effectively stopped for the foreseeable future and the business as a whole does not and cannot make money as things stand.
2. The secured creditors (and apparently, most of the investors) no longer have any confidence in the management of the League Group by the existing management team. Management control needs to vest in someone else.
3. The specific assets and properties owned by the League Group were generally set up to be independent of one another, with a different company or limited partnership owning each property. Effectively, each property was/is run as a separate business.
4. Notwithstanding the "silo" corporate structure, the League Group appears to have been moving significant sums of money between the companies without regard to proper corporate governance and in contravention of all of the applicable loan agreements with their creditors. This will create significant complexities as between investors who are relying on the equity in the projects that they invested in, and who accordingly will not all have identical interests. The investors therefore likely require a process that will allow a sorting out of their entitlements to the equity in the corporate group as a whole.
5. While we understand that the Monitor is currently undertaking a rigorous analysis of the "real" equity in the various properties owned by the League Group, it is clear that at least some of the properties have significant equity in them.
6. To the extent that a global process is required to protect the investors, that process should be funded out of the equity available to the investors, and not by the secured creditors. Any issue as to allocation of the costs of the process is properly an issue as between the investors who stand to benefit from the process, and not an issue as between the secured creditors.

7. If there is not sufficient equity in the assets to justify a process to protect the investors, then there should be no global process at all.
8. Most of the individual properties are income producing properties that are geographically dispersed and that will not benefit from a full “global” receivership: the value of those properties will be most efficiently determined and realized in the normal foreclosure and sale process in whatever jurisdiction each property is located. Because of the geographical dispersion, the concept of an “orderly liquidation” to protect sale values does not apply: these are properties with established income streams that will sell for what they are worth in the markets in which they are located.

### **Receivership Proposal**

The secured creditors could simply take the position that the CCAA process is inappropriate and should end, so that each creditor would have the benefit of its collateral security with all of the attendant risks and rewards that it originally bargained for. Some creditors are fully secured, others might take a loss, but no creditor would be saddled with either the costs of a complex CCAA process that has nothing to do with the property that it made a decision to lend against, or with the costs of having its counsel monitor and assess all of the voluminous pleadings and relief sought in the CCAA proceedings. We believe that there are a number of reasons at law why the CCAA should not and cannot continue in any event.

However, the lenders have collectively decided to make a good faith effort to proceed in a constructive fashion by proposing a “middle ground” receivership that does not simply abandon the investors to the vagaries of the mess that the League Group’s management has left in its wake. The secured creditors did nothing to create this problem, of course, but neither do they oppose a sensible solution designed to protect the creditors.

The proposal of the secured creditors is as follows:

1. PwC is appointed as receiver of all of the Petitioners, with full receivership powers per the BC model receivership order, subject to the following:
2. Notwithstanding PwC’s appointment as receiver of all of the entities, none of the third party secured creditors of the individual entities will be stayed from enforcing their security.
3. The costs of the receivership will form a charge on the assets of all of the entities, but ranking behind the security of the third party secured creditors in all cases.
4. Any secured creditor with respect to a specific property can, either at its own request or in response to a “pitch” from PwC, engage PwC as its receiver under its security. This may be to perform work on the property, market and/or sell the property, collect rents, etc. In any such case, the costs of the receivership specifically related to assistance provided to that secured creditor will be funded directly by that creditor.

While the above is conceptually quite simple (basically a full receivership of the League Group but without secured creditors being stayed or “primed”), it provides a number of very important advantages for all stakeholders, including:

- The receiver will “have its arms around” the entire League Group with full management control, which will allow it to organize a coordinated effort to protect and enhance recoveries for the investors, all of which can be overseen and supervised by the Court in one proceeding.
- The investors will also have a single forum in which to sort out their entitlements as between them and the allocation of receivership costs, instead of the chaos and inefficiency that might result from fractured and independent receiverships of the different entities in the League Group.
- This will also facilitate the continued use of one or more representative counsel for the investors or groups of investors, with the potential efficiencies that could flow from that.
- Because every entity will be subject to the receivership order, a receiver’s charge behind the secured creditors will attach to all of the assets. The receivership will be funded out of the equity in the assets, and not out of the secured creditors’ collateral.
- The receiver will effectively be the receiver of the management entities in the League Group, and of the residual equity in the League Group as a whole, and because it will have full management control of each entity in the League Group, it will have a voice and standing in any foreclosure proceeding or sale of assets, just as the applicable League Group entity would have had.
- The receiver will be able to continue with the property management function currently carried out by League Assets, and will be able to collect the revenue from that management activity, which will help fund the receivership.
- The receivership order can be designed so that where a secured creditor on any property requires additional assistance from the receiver, it will be able to simply and seamlessly engage the receiver for that purpose, without the need for a further court application, and will be able to fund those services pursuant to the terms of its existing loan and security documents, as would normally be the case in a single-property foreclosure or receivership.

The secured creditors believe that the above receivership proposal strikes the appropriate balance of providing protection and assistance to the investors with a coordinated process in a single court proceeding, while recognizing the fact that the secured creditors ought not to be subjected to the delay and cost of a process that does not benefit them, and that will not enhance the value of their assets (or for that matter, the recovery by the investors). The secured creditors will continue to have what they bargained for, but without the investors being cast to the wind.

The wind-down of the League Group’s business is really about allowing the assets to be monetized in the most efficient way possible, getting the secured creditors paid, and then sorting out the (messy) question of what the investors’ respective entitlements are to any remaining equity. The monetization of the assets can be most efficiently achieved by the secured creditors in the normal way on their own collateral, and does not require a global, overarching process that will simply add complexity and expense for all parties without enhancing value. The “sorting



out” of whatever is left should be funded by the investors themselves, with the assistance of the receiver and potentially representative counsel. The receivership proposal set out above achieves all of that, and would not be opposed by the creditors whose legal counsel have signed this letter.

We recognize that this is an unusual letter, but these are highly unusual circumstances and the secured creditors believe that all of the stakeholders are best served by a coordinated attempt to find a go-forward solution that will provide the best result in a very difficult situation. We ask that the Monitor take this proposal into consideration and, we hope, support it in the forthcoming Monitor’s report. We specifically ask that the Monitor bring this proposal to the Court’s attention by attaching it to the report and commenting on it.

If the Monitor agrees that the secured creditors’ proposal is a good idea, we would be pleased to discuss further the specific form of receivership order required to accomplish this, and would welcome the input of both the League Group and representative counsel for the investors.

Yours truly,

**BORDEN LADNER GERVAIS LLP**

By:

Magnus C. Verbrugge

MCV

---

No. S-137743  
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT  
ACT*, R.S.C. 1985, c.C-36, AS AMENDED

AND

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*,  
S.B.C. 2002, c.57, AS AMENDED

AND

IN THE MATTER OF THE *CANADA BUSINESS CORPORATIONS ACT*,  
R.S.C., 1985, c.C-44, AS AMENDED

AND

IN THE MATTER OF A PLAN OF COMPROMISE AND  
ARRANGEMENT OF LEAGUE ASSETS CORP. AND OTHERS

PETITIONERS

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**AFFIDAVIT**

---

BORDEN LADNER GERVAIS LLP

Barristers & Solicitors

1200 Waterfront Centre

200 Burrard Street

P.O. Box 48600

Vancouver, British Columbia, Canada V7X 1T2

Telephone: (604) 687-5744