

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

**AND**

**IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*  
SBC, 2002, C-57 AS AMENDED**

**AND**

**IN THE MATTER OF LEAGUE ASSETS CORPORATION AND THE  
PETITIONERS LISTED IN APPENDIX "A"  
(COLLECTIVELY "LEAGUE" OR THE "COMPANY")**

**MONITOR'S FOURTH REPORT TO COURT  
[Prepared for the Comeback Hearing]**

**November 18, 2013**



**LEAGUE ASSETS CORPORATION, ET AL  
MONITOR’S FOURTH REPORT TO COURT**

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# LEAGUE ASSETS CORPORATION, ET AL MONITOR'S FOURTH REPORT TO COURT

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## 1. INTRODUCTION

- 1.1 On October 18, 2013, (the “**Filing Date**”) on the application of League Assets Corporation and those parties listed in Appendix A (collectively referred to as “**League**” or the “**Company**”), the Supreme Court of British Columbia (the “**Court**”) made an order (the “**Initial Order**”) granting League protection from its creditors pursuant to the *Companies’ Creditors Arrangement Act* (the “**CCAA**”). Under the Initial Order, PricewaterhouseCoopers Inc. (“**PwC**”) was appointed Monitor of the Companies (the “**Monitor**”).
- 1.2 On October 25, 2013, League further applied for the approval of an interim financing agreement and a charge to provide security for the interim financing. The Court approved this application in part and made an Amended and Restated Initial Order (the “**ARIO**”).
- 1.3 Pursuant to the ARIO, among other things, all creditors were stayed from commencing or continuing any proceedings against League until November 18, 2013, the date set for the Comeback Hearing. On November 18, 2013, the Court extended the stay of proceedings until November 22, 2013.
- 1.4 By Notices of Application for Leave to Appeal dated November 6, 2013, Canadian Western Bank has sought leave to appeal to the Court of Appeal for British Columbia from both the Initial Order of Madam Justice Brown dated October 18, 2013 and the Amended and Restated Initial Order of Madam Justice Fitzpatrick dated October 25, 2013. Canadian Western Bank did not seek an expedited hearing date for its two leave applications. BCMP Mortgage Investment Corporation and Interior Savings Credit Union similarly filed Notices of Application for Leave to Appeal dated November 7, 2013 from those same two orders.
- 1.5 The purpose of this report is to provide information for the Comeback Hearing on the following:
  - 1.5.1 League’s operations including the reasons for its insolvency;
  - 1.5.2 The Monitor’s views on why certain entities managed or controlled by League were not listed as Petitioners;

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- 1.5.3 The Monitor's assessment of the current estimated realizable values of League's principal assets and the resulting equity, if any, available to fund overheads, restructuring costs and amounts owing pursuant to the super-priority charges created by the ARIO, as well as distributions to unsecured creditors and Investors;
- 1.5.4 League's actual cash flows from the Filing Date to November 10, 2013;
- 1.5.5 League's updated cash flow projection, the right of first refusal negotiated with the DIP Lender and the requirement for additional DIP funding;
- 1.5.6 The Monitor's preliminary review of transactions which occurred during the three months preceding the Filing Date;
- 1.5.7 Operational restructuring activities undertaken by League.
- 1.5.8 The restructuring options being considered including League's preliminary restructuring plan and a recovery approach advanced by the mortgage lenders.
- 1.5.9 The proposed sale of the Cowichan District Financial Center;
- 1.5.10 The status of the sale of League's interest in the Partners REIT units and the management agreement relating to Partners REIT; and
- 1.6 Unless otherwise stated, all monetary amounts noted herein are expressed in Canadian dollars. Capitalized terms not otherwise defined herein are as defined in the Company's application materials, including the first affidavit of Adam Gant dated October 16, 2013 filed at the outset of these proceedings.
- 1.7 The Monitor has set up a website at:

[www.pwc.com/car-leagueassets](http://www.pwc.com/car-leagueassets)

All prescribed materials filed by League and the Monitor relating to this CCAA proceeding are available to creditors, Investors, and other interested parties in electronic format on the Monitor's website. The Monitor will make regular updates to the website to ensure creditors, Investors, and interested parties are kept current and to add prescribed materials as required.

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## 2. OVERVIEW OF LEAGUE OPERATIONS

### *Background*

- 2.1 League was formed in 2005 by Emanuel Arruda and Adam Gant (collectively the “**Principals**”). Over the past 9 years, as League has been successful in attracting investors and acquiring assets, League has grown from one limited partnership to a very large and complicated group, with currently approximately 170 entities in total (collectively the “**League Group**”).
- 2.2 As explained in more detail in Section 3 of this report, 65 entities did not obtain protection from creditors pursuant to the ARIO (“**Non-Filing Entities**”). As a result, it is important for the reader to understand that, in this report, the defined term “League Group” represents all 170 entities, whereas the defined term “League” only refers to the 105 entities that are subject to the ARIO (“**Filing Entities**”).
- 2.3 Appendix B contains an organization chart prepared by League. Filed Entities are coloured yellow and Non-Filing Entities are coloured white.
- 2.4 Appendix C contains detailed information on each Filed Entity, its financial information, as at the most recent point available and League’s stated reason for including them in the CCAA Proceedings.
- 2.5 League Group’s strategy was to enable investors to participate in the acquisition of properties on a cost effective basis that they would otherwise not be able to invest in.
- 2.6 The primary types of properties targeted by the League Group were real estate assets as follows:
  - 2.6.1 Existing commercial/retail properties where there was an element of turnaround required to increase the asset value; and
  - 2.6.2 Future development sites.
- 2.7 The League Group managed the turnaround/development activities and, through these activities, it was expected that the real estate would appreciate in value which Investors would share in when the property was sold.

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- 2.8 The League Group would acquire the properties using a combination of funds from traditional third party loans and Investors.
- 2.9 The properties were usually acquired by newly created limited partnerships, where a League Group entity would act as the general partner and Investors would invest, either directly or indirectly, in the limited partnerships through a combination of secured debt, unsecured debt, or limited partnership units (i.e. equity).
- 2.10 Many Investors have also invested in the League Group through ownership of the IGW Real Estate Investment Trust ("**IGW REIT**"). Recently, Investors have also been able to invest in non-limited partnership entities, such as the League Opportunity Fund Ltd. ("**LOF**").
- 2.11 In addition to real estate investments, the Monitor notes that the League Group acquired a number of other assets such as units in Partners REIT, commercial mortgage backed securities, alternative energy projects, mortgage loans and wealth management business.

### *Overview of Current Operations*

- 2.12 The League Group's operations can be grouped into the following three categories:
  - 2.12.1 Wealth Management - represents League Group's investment advisory, acquisition and capital raising activities. This group's purpose is to raise capital from Investors. This group consists of the internal entity, League Investments Securities Inc. ("**LISI**"), as well as two recently acquired third party investment managers (Harris Fraser and the Monarch Group);
  - 2.12.2 Asset Management – performs the administration activities for all League Group entities, including management of League Group's assets as well as Partners REIT pursuant to a management contract. The asset management group receives compensation by way of fees for managing the acquisition of the assets, arranging the financing, managing the assets and ultimately selling the assets. The Asset Management group is also the employer for most of the League Group's employees; and
  - 2.12.3 Investments - this category represents all of the active limited partnerships which contain the development or income producing assets. IGW REIT represents nearly 50% of the assets in this group. The remaining assets are spread amongst several limited partnerships.

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- 2.13 Set out below is a summary of all the principal entities in each of the three categories. The term 'Filed Entities' in the summary means those entities that are subject to the ARIO.

Wealth Management		Asset Management	
<b>Filed Entities:</b> League Opportunity Fund Ltd League Capital Markets Ltd League Investment Services Inc. League Financial Partners		<b>Filed Entities:</b> League Assets Limited Partnership ("LALP") League Assets GP Inc. League Assets Corp. ("LAC") League Holdings Corp. ("LHC")	
<b>Non-Filed Entities:</b> Harris Fraser Group Limited Catalyst Investment Corp Monarch Wealth Corporation		<b>Non-Filed Entities:</b> 0742044 BC Ltd 0742054 BC Ltd	
Investment Entities (Active & Inactive)			
<b>Filed Entities:</b>			
<b>Active Entities</b>			
IGW REIT	Gatineau Centre DLP	Stoney Range Ind LP	North Vernon LP
Colwood City Centre LP	Jesken Investment LP	RA Quadra Village LP	Tyee Plaza LP
Redux Duncan CC LP	TRPC LP	Cowichan DFC LP	
Fort St. John Retail LP	IGW Diversified RF LP	IGW Rescap LP	
<b>Inactive Entities</b>			
Zeus Energy Limited	Cygnnet Properties GP Inc.	7667906 Canada Inc.	0895249 BC Ltd.
IGW Cash MF Ltd	IGW Mortgage Inv Corp	League Capital Part. Ltd.	Partners Eq. Fin. Inc.
League Realty Adv Ltd	League Acquisition Corp	League Founding LP	
League Realty Serv Ltd	IGW Energy Capital LP	League Assets Intl Inc.	
<b>Non-filed Entities:</b>			
<b>Active Entities</b>			
Place Trans Can. LP	IGW SegDebt 1 LP	Wesbrooke Ret. LP	
Eagle Landing DevLP	IGW Seg Debt2 LP	MP Solar EnergyLP	
<b>Inactive Entities</b>			
League Cityzen CC	League Corp G FZ LLC	IGW Investments Ltd 2	Eagle Landing Cap Inc.
League Cityzen InvC	League Assets Inc. US	IGW Capital Ltd	IGW DRF Capital Inc.
IGW Bond Corp	473 Albert Street Inv Corp	Miracle Mile GP Inc.	TRPC LP Capital Inc
GTM Capital Inc.	IGW Investments Ltd	FSJ Retail Inv Corp	MPSE Capital Inc.
Capital CC LP	IGW Seg Debt3 LP	IGW Mortgage Inv Corp	

## 3. LEAGUE ENTITIES NOT INCLUDED IN THE CCAA FILING

- 3.1 Concern has been raised by certain stakeholders that the Non-Filing Entities were being inappropriately excluded from the CCAA proceedings.

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- 3.2 As a result of these concerns, the Monitor has reviewed available information relating to all of the Non-Filing Entities, with the assistance of League, to understand the reasons for the exclusion. The results of the Monitor's review are summarized below and Appendix D contains more detailed information on each entity, certain financial information and League's stated reason for excluding each entity from the CCAA proceedings. In most cases, those entities have been excluded from the filing as either a Filed Entity owns the Non-Filing Entity and any value will therefore accrue to its owner, or League's interest in the Non-Filing Entity is limited to its ownership of the general partner of each limited partnership (which typically has a 0.001% interest).

## *Wealth Management Group*

- 3.3 Harris Fraser Group Limited (and its ten subsidiaries) ("**Harris Fraser**") – Harris Fraser is a recently acquired autonomous company, 100% owned by League Assets Limited Partnership ("**LALP**") (one of the Filing Entities) and is solvent;
- 3.4 Catalyst Investment Corp – is a recently acquired autonomous company, 100% owned by League Capital Markets Limited (one of the Filing Entities which is in turn 100% owned by LALP) with no cross guarantees of debt;
- 3.5 Monarch Wealth Corporation – is a recently acquired autonomous company, 100% owned by League Capital Markets Limited (one of the Filing Entities which is in turn 100% owned by LALP) with no cross guarantees of debt;

## *Asset Management Group*

- 3.6 0742044 BC Ltd. and 0742054 BC Ltd. – these entities are each individually owned 100% by Adam Gant and Emanuel Arruda, respectively. These companies' sole assets are their respective 30.11% holdings of the units of LALP (which is a Filing Entity);

## *Active Investment Group*

- 3.7 Place Trans Canadienne LP ("**PlaceTrans**") - PlaceTrans is a stand-alone profitable retail mall in Dorval, Quebec with no cross entity guarantees of debt. LAC has a 0.001% indirect economic interest in PlaceTrans (through its 100% ownership of its general partner), with the balance of the ownership held by external arms-length limited partners;



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- 3.8 Eagle Landing Retail Limited Partnership ("**Eagle Landing**") – owns an interest in a retail shopping centre in Chilliwack, B.C. with a positive cash flow and no cross guarantees of its debt. LAC has a 0.001% indirect economic interest in Eagle Landing (through its ownership of its general partner) with the balance of the ownership held by external arms-length limited partners;
- 3.9 IGW Segregated Debt 1 Limited Partnership and IGW Segregated Debt 2 Limited Partnership (and their seven subsidiaries) used to own Canadian commercial mortgage backed securities and have no cross entity guarantees of its debt. LAC has a 0.001% indirect economic interest in such entities (through its ownership of their general partners). These partnerships are in the process of being wound up;
- 3.10 Member-Partners Solar Energy Limited Partnership (and its four subsidiaries) ("**Solar**") is a stand-alone profitable solar power asset development, with no cross entity guarantees of its debt. LALP has a 0.001% indirect economic interest in Solar (through its ownership of its general partner) with the balance of ownership held by external arms-length limited partners; and
- 3.11 Wesbrooke Retirement Limited Partnership (and its three subsidiaries) ("**WRLP**") is a stand-alone profitable independent living retirement complex with no cross entity guarantees of debt. LALP has a 0.001% indirect economic interest in WRLP (through its ownership of its general partner) with the balance of ownership held by external arms-length third parties.

## *Inactive Investment Group*

- 3.12 Based on the Monitor's review of the League Group's books and records, the following entities are either shell entities or are now inactive with no assets or liabilities and therefore there appears to be no benefit to inclusion of these entities in the CCAA proceedings:
  - 3.12.1 IGW Segregated Debt 3 Limited Partnership (and its three subsidiaries);
  - 3.12.2 League Corporation Group FZ LLC;
  - 3.12.3 League Assets Inc. US;

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- 3.12.4 IGW Bond Corp.;
- 3.12.5 League Cityzen Capital Corp.;
- 3.12.6 473 Albert Street Office Investment Corp.;
- 3.12.7 IGW Investments Ltd.;
- 3.12.8 IGW Investments Ltd 2;
- 3.12.9 IGW Capital Ltd.;
- 3.12.10 Miracle Mile GP Inc.;
- 3.12.11 FSJ Retail Investment Corp.;
- 3.12.12 Eagle Landing Capital Inc.;
- 3.12.13 IGW DRF Capital Inc.;
- 3.12.14 Tsawwassen Retail Power Center LP Capital Inc.;
- 3.12.15 Capital CC GP Inc. (and it's three subsidiaries); and
- 3.12.16 IGW Mortgage Investment Corp. (Incorporation Number: BCo828181).

- 3.13 Based on the foregoing review, the Monitor has not identified any concerns about the exclusion of these non-filing entities. The Monitor will continue to further investigate the League Group's activities and corporate structure and will advise the Court if its view changes in respect of the exclusion of any of these entities from the CCAA Proceedings.

## **4. CAUSES OF LEAGUE'S FINANCIAL DIFFICULTY**

- 4.1 League has been experiencing liquidity challenges for a significant period of time (i.e. many months at a minimum). Although payments on mortgage debts were current at the Filing Date, such that the commencement of CCAA proceedings surprised certain of the secured lenders, League was experiencing liquidity problems as evidenced by the following:

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- 4.1.1 Non-Filing Entities advanced approximately \$16 million to League since January 1, 2013;
  - 4.1.2 Property taxes were not being paid - approximately \$3.6 million was outstanding at the Filing Date with respect to 10 Properties;
  - 4.1.3 As of November 8, 2013, Lien claims of approximately \$2.9 million were filed due to non-payment of contractors undertaking work on the Properties;
  - 4.1.4 Advances on management fees were taken to assist with funding issues;
  - 4.1.5 Employees were paying for corporate expenses on their personal credit cards; and
  - 4.1.6 Approximately \$20 million of high yield debt was obtained in 2013.
- 4.2 Based on the Monitor's preliminary review, the following issues appear to be significant factors which contributed to League's financial difficulty and resulting liquidity challenges:
- 4.2.1 League was holding Properties with poor operating performance – the Monitor has identified a number of Properties that generate low or negative net operating income, as a result of low occupancy and/or low rental rates;
  - 4.2.2 High leverage –League is highly levered with over \$186 million of secured debt from 26 separate mortgage lenders, with a number of these loans at high interest rates. This has created a high fixed monthly debt service requirement;
  - 4.2.3 Incomplete financing for the Colwood project - League commenced the development of the Colwood project with insufficient project financing in place. As a result, it appears that during 2013, \$16 million was advanced from IGW REIT to the Colwood entities to enable construction to continue;
  - 4.2.4 Increasing Investor redemption requests for IGW REIT – during 2013, redemptions requested significantly exceeded funds received from new sources;
  - 4.2.5 Increased amounts of income priority units (“IPUs”) issued by IGW REIT – the IPU investments as a percentage of total assets increased from 28% in 2011 to

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40% by early 2013. IPU's pay a fixed monthly distribution which added to League's liquidity challenges;

- 4.2.6 Increasing overheads – during 2012, League's administrative costs grew including for new offices opening, increases in headcount and increases in professional fees for the planned TSX listing; and,
- 4.2.7 Losses on sales of properties – during 2013, League sold a number of properties which generated losses. In addition, during 2012, League wrote down the carrying value of a number of Properties.

## **5. OVERVIEW OF LEAGUE'S STAKEHOLDERS**

### *Secured Creditors*

- 5.1 Based on League's books and records, League's secured creditors consist of four primary types of non-Investor secured claims:
  - 5.1.1 Unpaid property taxes - Property taxes were outstanding at the Filing Date in the amount of approximately \$3.6 million.
  - 5.1.2 Mortgage lenders - There are 26 mortgage lenders with debts totalling approximately \$186 million as of the Filing Date. All but two of the mortgage lenders (Firm and Timbercreek) have loans secured by mortgages against a single property. Firm and Timbercreek have provided loans that are secured by mortgages over multiple properties.
  - 5.1.3 Partners REIT loans - Firm has provided a margin loan on the units in Partners REIT in the amount of approximately \$17 million.
  - 5.1.4 Lien claims - Lien claims have been filed by certain contractors with respect to development projects. The most significant lien claims have been filed against the Colwood property (\$1.9 million) and the Quadra Village Residences (\$745,000). The Monitor notes that additional liens may be filed, as the CCAA proceedings do not prevent the filing of such liens.

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## *Unsecured Creditors*

- 5.2 Based on League's books and records, League's non-Investor unsecured creditors are varied and consist of the following:
- 5.2.1 Trade Creditors - League's books and records indicate that there are trade creditor claims of approximately \$17 million in the aggregate as of the Filing Date. The Monitor cautions that this number may be understated, as no claims process has been run yet, and League's books and records do not record potential new claims created by the insolvency proceedings.
  - 5.2.2 Inter-group payables - League often treated cash resources among the numerous entities on a pooled basis and used inter-group accounts to record transfers of funds from one entity to another. As a result, inter-group payables (and corresponding receivables) exist throughout League and extend beyond the Filing Entities to the Non-Filing entities.
  - 5.2.3 Unpaid employee and co-founder expense claims - League's cash constraints leading up to the Filing Date were extensive and many employees and both co-founders charged corporate expenses (such as League's professional fee payments) on personal and corporate credit cards. Such expense claims appear to be in excess of \$500,000. Employees charged their personal credit cards with the expectation of full reimbursement from League. The Monitor understands that League proposes to make these reimbursements when sufficient funding is available.
  - 5.2.4 Certain secured lenders are expected to suffer shortfalls on their security and will therefore likely have an unsecured claim to the extent of the shortfalls. These amounts have not been estimated at this time.
  - 5.2.5 League's downsizing and restructuring plans may result in unsecured claims for breach of contract, as well as employee severance or contract termination amounts.
- 5.3 The Monitor notes that the above amounts may be higher, depending on the final quantum of inter-group claims received from the Non-Filing Entities, the quantum of deficiency claims from secured creditors and claims identified through a claims process.

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## *Investors*

- 5.4 League, through its Wealth Management division, sold various types of investments to Investors. These investments were offered through offering memoranda, limited partnership agreements, master loan agreements and term sheets and comprised:
- 5.4.1 Secured notes issued to Investors - these notes were issued by LOF, Stoney Range Industrial LP, Gatineau Center Development LP, and Colwood City Center LP.
  - 5.4.2 Unsecured notes issued to Investors - these notes were issued by IGW REIT, Redux Duncan City Center LP, Gatineau Center Development LP and Colwood City Center LP; and
  - 5.4.3 Equity, consisting of common units and income priority units in IGW REIT LP and Limited Partnership Units in various other limited partnerships.
- 5.5 As of the Filing Date, League had approximately \$363 million owing to Investors as outlined in the table below. A detailed schedule of the investments is attached as Appendix E for all Filing Entities.

Summary of Investor Amounts at October 18, 2013		
Investment Type	# of Units	Total Value of Investments \$
Secured Debt Investments	30,331,102.0000	30,331,102.00
Debt Investments	29,457,761.9000	29,457,761.90
Equity Investments	68,890,621.1164	68,890,621.12
<b>Total Non-IGW REIT Investment</b>	<b>128,679,485.0164</b>	<b>128,679,485.02</b>
Debt Investments	10,034,161.2649	10,034,161.26
Equity Investment	242,043,330.4311	223,253,058.70
<b>IGW REIT Reconciled Investment</b>	<b>252,077,491.6960</b>	<b>233,287,219.96</b>
Debt Investments	155,065.8900	128,704.69
Equity Investments	1,211,997.1110	926,500.59
<b>IGW REIT Unreconciled Inv.</b>	<b>1,367,063.0010</b>	<b>1,055,205.28</b>
<b>Secured Debt Investment</b>	<b>30,331,102.0000</b>	<b>30,331,102.00</b>
<b>Debt Investments</b>	<b>39,646,989.0549</b>	<b>39,620,627.85</b>
<b>Equity Investments</b>	<b>312,145,948.6585</b>	<b>293,070,180.40</b>
<b>Grand Total</b>	<b>382,124,039.7134</b>	<b>363,021,910.26</b>

- 5.6 At the Monitor's request, League is currently carrying out a detailed reconciliation of all investments to confirm the accuracy of their records. To date, League has reconciled all but approximately \$1.1 million of the investments.

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- 5.7 Based on the foregoing analysis, the Monitor currently estimates the total amount owing to unsecured creditors (including unsecured noteholders) is approximately \$83.6 million as shown below:

Class of Unsecured Creditor	(\$'000)
Trade Creditors	17.0
Secured Creditor Deficiencies	12.9
LOF - Secured Creditor Deficiencies	13.6
Unsecured Note holders (Investors)	39.9
<b>Total</b>	<b>83.4</b>

- 5.8 The Monitor notes that the above amounts may be higher, depending on the final quantum of inter-group claims received from Non-Filing Entities, the quantum of deficiency claims from secured creditors and claims identified through a claims process.

## 6. ESTIMATED REALIZABLE VALUE OF LEAGUE'S PRINCIPAL ASSETS

- 6.1 League's principal assets can be classified into the following categories:
- 6.1.1 League owns approximately 3.8 million units of Partners REIT;
  - 6.1.2 League owns 22 real estate properties (the "**Properties**");
  - 6.1.3 League has interests in properties such as deposits made to acquire properties or mortgage receivables ("**Other Property Interests**")
- 6.2 League's remaining assets include receivables, office furniture and equipment and miscellaneous other assets (these assets are unlikely to have significant value).
- 6.3 In order to assist stakeholders in the evaluation of League's restructuring, the Monitor has reviewed most of League's principal assets with a view to establishing an estimate of the realizable value on an orderly liquidation basis net of payments to satisfy secured creditors with direct security over the asset (the "**Estimated Net Proceeds**"). The Monitor has not completed its review of the Other Property Interests, but it does not expect that significant additional value will be realized from the Other Property Interests. The Monitor has also not considered other potential sources of recovery for stakeholders,

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such as through litigation, as the quantum and probability of recovery are highly uncertain.

## *Partners REIT*

- 6.4 League owns approximately 3.8 million units in Partner's REIT (approximately 15% of the outstanding units). These units are publicly traded and have traded in the range of \$5.75 to \$8.50 during the past year. The Monitor expects that League will be able to recover a premium from the current trading price if it sells the units en-bloc to a single purchaser.
- 6.5 The Partners REIT units have been pledged as security to Firm who holds a first charge and to Timbercreek Mortgage Corporation ("**Timbercreek**") who holds a second charge on these units. Timbercreek also holds additional security over various Properties for its loan.
- 6.6 Using a range of potential prices, the Monitor has calculated the Estimated Net Proceeds that could be available from the Partners REIT units (on the basis that the Firm loan is satisfied from the sale of Properties) as follows:

Description	Low	Medium	High
	(\$ thousands)		
Price per unit (\$/unit)	5.25	6.25	7.00
Gross Proceeds	22,269	24,205	27,110
Loan from Firm Capital Corp.	(17,418)	(17,418)	(17,418)
<b>Estimated Net Proceeds</b>	<b>4,851</b>	<b>6,787</b>	<b>9,692</b>

- 6.7 In addition to League's ownership position, League provides management services to Partners REIT pursuant to a management agreement. Partners REIT has provided notice of termination of the agreement in order to assume the management of its investments. Pursuant to the management agreement, a fee is payable on termination which may result in an additional recovery to League. League is in discussions with Partner's REIT regarding this transition.



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## *Properties*

- 6.8 In order to calculate the Estimated Net Proceeds for each of the Properties, each Property was reviewed with the goal of:
- 6.8.1 Understanding their estimated current market value and their marketability;
  - 6.8.2 Estimating the incremental funding required to maintain the Properties, service the related secured debt and remediate any deficiencies while an orderly sales process was undertaken; and,
  - 6.8.3 Estimating the secured creditor claims that must be satisfied prior to any distribution to subordinate stakeholders.
- 6.9 The detailed results of the Monitor's review have been incorporated into a report that will be filed with the Court separately (the "**Property Book**"). The Property Book contains estimates of transaction value ("**ETV**") as well as marketing strategies for each Property. The Monitor is sensitive to the fact that public disclosure of the ETVs could have a negative impact on the values realized from the property during any future sales process and it supports an application that the Property Book be sealed and not available as public information.
- 6.10 The Property Book has been made available to individual secured lenders and their respective legal counsel, as well as representative counsel for the Investors, following execution of non-disclosure agreements. For the reasons set out above, League has advised the Monitor that access to the Property Book is to be tightly controlled and will not be provided to individual stakeholders unless there are extenuating circumstances. However, the Monitor presents a summary of the findings contained in the Property book in this report.
- 6.11 The Property Book was prepared on the basis that an orderly sales process would immediately be commenced for all Properties. The Monitor notes that there is no agreement or plan to liquidate all properties and, therefore, this is currently a hypothetical assumption. The Property Book has been prepared to provide conservative estimated value for decision making purposes of the stakeholders.

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- 6.12 Colliers International Canada, one of Canada's largest commercial real estate services companies ("**Colliers**"), was retained by the Monitor to provide the ETV which is an estimate of the likely range of selling prices for each of the Properties. The ETV was determined based on numerous factors, including the physical characteristics and condition of each Property, the Property's recent financial performance and market factors affecting demand. Some Properties have already been on the market and in some cases a purchase and sale agreement reached. The ETV's represent the price agreed to in these cases. Colliers also provided an estimated timeline for each Property to obtain the ETV. It is important to note that the ETV is not an appraised value or an opinion of value.
- 6.13 The Estimated Net Proceeds were calculated by deducting the following amounts from the ETV for each Property:
- 6.13.1 Selling commissions and an estimate of the vendor's direct real-estate legal fees that will be incurred to sell each Property;
  - 6.13.2 Outstanding property taxes as at October 18, 2013;
  - 6.13.3 The balance of construction liens filed as at November 8, 2013. The validity of these liens has not been verified by legal counsel, but to be conservative, these have been included. The Monitor notes that, pursuant to the ARIO, creditors are not precluded from filing additional liens;
  - 6.13.4 Forecast cash flows for the period from November 1, 2013 to each property's estimated sale closing date in 2014 (net cash flows which are positive have been added to the ETV, net cash flows which are negative have been deducted from the ETV). Each Property's forecasted cash flow has been calculated based on the forecast net operating income of each Property, as well as the related contractual debt service payments for all direct third party secured debt, maintenance capital expenditures and property taxes, but excludes debt service costs for any related party debt (if any);
  - 6.13.5 The estimated direct debt secured on the real property outstanding at the forecast date of closing, assuming the contractual debt service payments included in the cash flow forecast have been made in the period to closing. Also deducted were the amounts outstanding in respect of two blanket mortgages secured by several properties; and

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- 6.13.6 Any noteholder debt that is secured by a charge over the Property.
- 6.14 The calculation of the Estimated Net Proceeds does not factor in the following items which will have to be considered in order to estimate the funds potentially available to unsecured creditors and Investors:
- 6.14.1 The impact of any closing adjustments such as rent deposits or prepaid property taxes;
- 6.14.2 The increase in interest rates, early payment fees or any professional fees that may be incurred by secured lenders as a result of the CCAA proceedings;
- 6.14.3 Secured claims that are not secured by a specific mortgage over the Property;
- 6.14.4 Indirect costs incurred by League including overheads and professional fees including any balances owing pursuant to the Court ordered charges ("CCAA Charges"), including the DIP loan.
- 6.15 If the Estimated Net Proceeds for a property is negative after all the deductions from the ETV have been made, then the Estimated Net Proceeds is considered to be nil as it is assumed that secured lenders will suffer a shortfall on their security and claim the balance of their loan as an unsecured creditor.
- 6.16 The following table summarizes the Estimated Net Proceeds from all of the Properties:

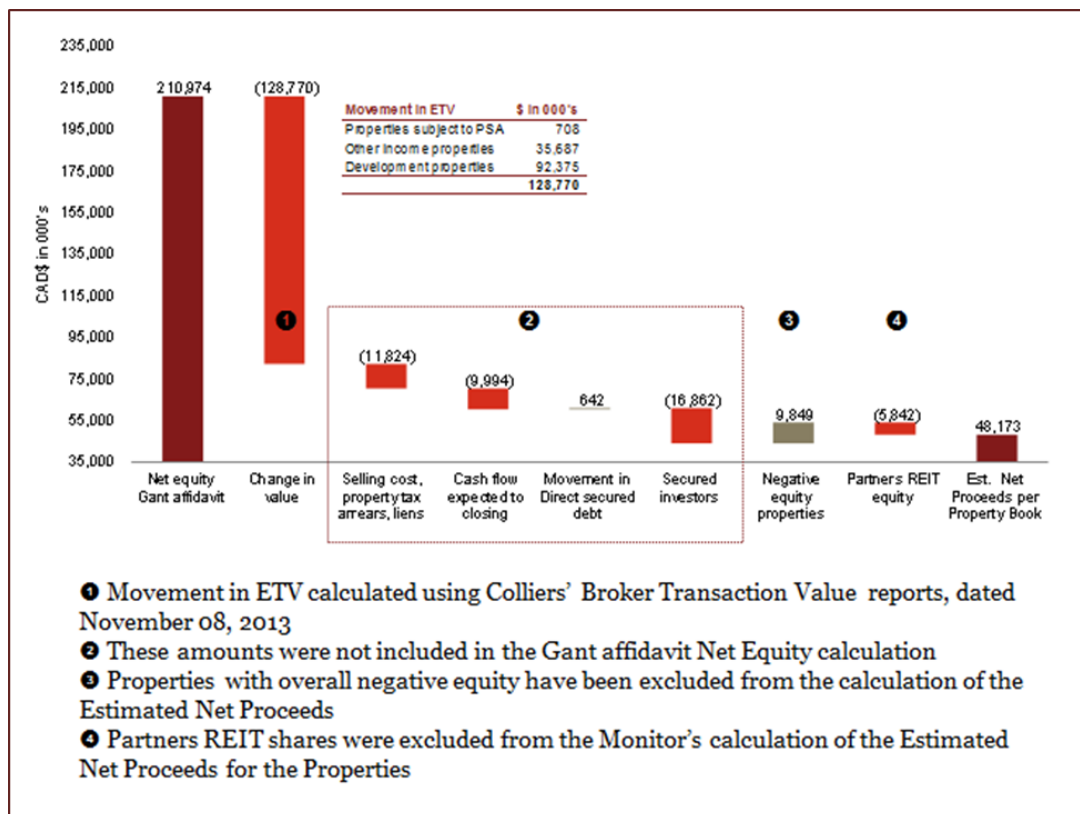
Property Classification	Estimated Transaction Value	Est. Selling Costs	Current Property Tax Arrears	Known Liens & Other	Cash flow to expected closing date	Maint. Capex	Direct Secured debt	Secured Investors	Est. Net Proceeds*
1) Properties subject to PSA	9,670	(137)	-	(23)	(51)	-	(6,523)	-	2,984
2) Other Income Properties	179,913	(4,013)	(1,953)	(2)	(4,060)	(771)	(141,279)	(433)	31,160
<b>Total Income Properties (1+2)</b>	<b>189,583</b>	<b>(4,150)</b>	<b>(1,953)</b>	<b>(25)</b>	<b>(4,111)</b>	<b>(771)</b>	<b>(147,802)</b>	<b>(433)</b>	<b>34,144</b>
3) Total Development Properties	53,319	(1,551)	(1,672)	(2,474)	(3,113)	(2,000)	(18,096)	(16,428)	14,029
<b>Overall total (1+2+3)</b>	<b>242,902</b>	<b>(5,701)</b>	<b>(3,625)</b>	<b>(2,499)</b>	<b>(7,224)</b>	<b>(2,771)</b>	<b>(165,898)</b>	<b>(16,862)</b>	<b>48,173</b>

\* Totals exclude properties with negative Net Proceeds

- 6.17 The Estimated Net Proceeds is significantly lower than the Net Equity of the Properties as set out in Appendix E of Adam Gant's 2<sup>nd</sup> affidavit dated October 22, 2013. The graph below itemizes the principal reasons for the variance and their individual impacts.

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- 6.18 The Monitor notes that the single largest variance relates to the difference between the various values used by League to calculate Net Equity and the ETV determined by Colliers. The single largest value variance relates to the Colwood development project which, given its incomplete state, was valued significantly lower by Colliers.

## Other Property Interests

- 6.19 Other Property Interests includes the following:

6.19.1 A mortgage receivable relating to a property located in Fort St. John, B.C.;

6.19.2 A deposit made for the purchase of the Plaza Hotel in Victoria, B.C.;

6.19.3 An interest in the limited partnership intending to develop a retail power center on first nations lands in Tsawwassen, B.C.; and

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6.19.4 An interest in the property at 1977 Colwood Crescent, Colwood, B.C.

6.20 Colliers has not reviewed these properties in detail and the Monitor has developed the Estimated Net Proceeds based on general discussions with Colliers and League's management as well as a review of company records supporting the asset.

6.21 The Estimated Net Proceeds from the Other Property Interests is \$5.3 million.

## *Summary*

6.22 The table below summarizes the Estimated Net Proceeds for League's principal assets:

(\$ thousands)	
Partners REIT units	6,787
Properties	48,173
Other Property Interests	5,345
<b>Total</b>	<b>60,305</b>

6.23 The Monitor notes that stakeholders such as secured creditors suffering shortfalls, trade creditors, unsecured noteholders and equity Investors may have claims to the Estimated Net Proceeds from League's principal assets. In addition, Non-Filing Entities having an inter-group receivable from a Filing Entity will also have claims.

6.24 A detailed exercise will be required to estimate stakeholder recoveries for each entity as this will be dependent upon the entity in which the League asset resides and the profile of stakeholders for that entity. This exercise will be complex and will also have to include an allocation of the costs incurred throughout the CCAA or other insolvency proceedings.

6.25 As noted in Section 5 above, the unsecured claims are likely to be at least \$83.6 million in the aggregate. As a result, if the Estimated Net Proceeds are ultimately proven accurate, it is apparent to the Monitor that many Investors will likely suffer very substantial losses on their investments.

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## 7. CASH FLOW FROM THE DATE OF FILING

*League (excludes Duncan and Colwood properties)*

- 7.1 League's cash flow for the period October 18, 2013 to November 10, 2013 as compared to the filed cash flow forecast is attached as Appendix F and summarized in the table below. The forecast amounts have been adjusted from those presented in the Monitor's First Report to remove the net receipts for Colwood Corners and the Duncan properties which are subject to the mortgage provided by Quest Capital and TCC Mortgage Holdings Inc ("TCC") respectively. The ARIO carved out these properties and we report on those separately later in this section of the report.

For the period of October 18, 2013 to November 10, 2013			
	Actual (\$)	Forecast (\$)	Variance (\$)
<b>Cash receipts and disbursements</b>			
Properties (net)	687,887	1,036,939	(349,052)
Corporate receipts	1,067,452	237,000	830,452
Corporate operating expenses	(1,047,169)	(1,576,731)	529,562
Restructuring expenses	(1,003,459)	(1,099,500)	96,041
<b>Net receipts over disbursements</b>	<b>(295,289)</b>	<b>(1,402,292)</b>	<b>1,107,003</b>
<b>Combined cash position</b>			
Opening cash	95,033	-	95,033
DIP Borrowings	1,600,000	1,600,000	-
Net receipts over disbursements	(295,289)	(1,402,292)	1,107,003
Funds set-off by RBC	(346,624)	-	(346,624)
<b>Ending cash</b>	<b>1,053,121</b>	<b>197,708</b>	<b>855,413</b>

- 7.2 Overall, League had a favourable positive variance of \$855,000 to its forecasted ending cash position; however, much of the variance relates to timing differences which will reverse in subsequent periods. With respect to the specific variances, we note the following:

- 7.2.1 Net cash receipts from the Properties were in the aggregate \$349,000 less than forecast. The variances are related to timing differences from several sources:

- 7.2.1.1 RBC set-off issues forced the Company to not deposit November rent payments that were in its possession on or before November 10, 2013 totaling \$222,000 until an agreement with RBC had been reached (discussed in detail below);

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- 7.2.1.2 November rent payments of \$269,000 had not been received as forecasted. League advises that it is not aware of any issues of collectability on the outstanding rent;
  - 7.2.1.3 The Company's rent receipt forecast was overstated by \$246,000 as rent was collected prior to the date of filing; and
  - 7.2.1.4 Operating disbursements were \$388,000 less than forecast due to delays in the processing of trade accounts payable. The delays in processing are a result of the termination of accounts payable staff. The Company has fully transitioned the work load to remaining staff and expects to catch up on payments over the coming weeks.
- 7.2.2 Corporate receipts were \$830,000 greater than forecast. The net positive variance was attributable to three amounts:
- 7.2.2.1 The independent trustees of Partners REIT advised League after the date of filing that post-filing payments to League for its management services would be made under the terms of the management contract (i.e. management fee is payable quarterly, 60 days in arrears). The cash flow forecast assumed a continuation of the monthly pre-filing payments. This resulted in a \$237,000 negative variance to forecast. The forecasted amounts are to be paid in early March 2014;
  - 7.2.2.2 League received 2012 income tax and August 2013 GST refunds from Canada Revenue Agency ("CRA") that totaled \$253,000. These amounts were not included in the cash flow due to timing uncertainty with CRA payments; and
  - 7.2.2.3 All funds held in 3<sup>rd</sup> party property manager accounts were transferred to League after the date of filing.
- 7.2.3 Corporate operating and restructuring expenses were less than forecast primarily as a result of timing differences. These variances are expected to be fully reversed in subsequent periods.

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## *Duncan and Colwood properties*

- 7.3 The ARIO directed the Monitor to collect all rents from tenants of the Colwood Corners Mall (“**Colwood**”) as well as the Duncan Mall, and the Duncan Plaza (collectively “**Duncan**”) and to use such rents to pay operating costs with respect to each property (with the consent of the mortgagee), followed by property taxes and the balance, if any, to the mortgagees.
- 7.4 The Monitor has completed the following activities with respect to this direction:
- 7.4.1 Inspected both the Colwood and the Duncan properties;
  - 7.4.2 Provided written notice to each tenant that rents are to be directed to the Monitor and followed up with a conversation confirming that direction;
  - 7.4.3 Opened trust accounts for Colwood and Duncan;
  - 7.4.4 Evaluated the League property management staff responsible for the property management function and obtained advice from Colliers on the reasonableness of the property management contracts with League Realty Services Ltd. The Monitor concluded that the League staff were appropriately qualified to continue property management duties and Colliers has advised that the terms of the management contract were reasonable and generally in line with market rates.
  - 7.4.5 Collected outstanding October rents and the November rents. There was little time to arrange for tenants to re-direct their November rents to the Monitor and therefore, certain rent collections were delayed as the tenants re-adjusted their payment cycles. These transition issues were further complicated by the fact that TCC had served notices on the Duncan tenants to re-direct their October rents to TCC. As of November 14, 2013, the Monitor has collected 78% of the Colwood rent and 64% of the Duncan rent for November. Tenants owing the outstanding rent have confirmed to the Monitor that they are in the process of directing their rent to the Monitor.
  - 7.4.6 Established procedures so that all operating costs are approved by the Monitor (and the mortgagees) and invoices provided to the Monitor to be paid from the rents collected.
- 7.5 The table below sets out the cash receipts and disbursements for Colwood and Duncan:



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For the period of October 18, 2013 to November 14, 2013		
	Colwood (\$)	Duncan (\$)
<b>Receipts</b>		
Rents collected	48,618	202,872
GST collected	2,431	10,144
<b>Total receipts</b>	<b>51,049</b>	<b>213,016</b>
<b>Disbursements</b>		
Ground lease payment	-	54,118
Funds set-off by RBC	6,435	3,586
GST paid	-	2,706
Bank fees	-	80
<b>Total disbursements</b>	<b>6,435</b>	<b>60,490</b>
<b>Net receipts over disbursements</b>	<b>44,614</b>	<b>152,526</b>

## *RBC set-off*

- 7.6 At the date of filing, 22 of the League's 63 bank accounts (including one account for each of Colwood and Duncan) were in a negative or an "overdraft" position that totaled approximately \$724,000.
- 7.7 League continued to use the overdraft accounts based on a conditional representation from RBC that post-filing receipts could be deposited and used by the Company to fund post-filing operations. However, RBC then advised on October 29, 2013 that it was exercising its right of set-off as against post-filing funds deposited into the overdraft accounts.
- 7.8 From the date of filing to the time that RBC advised League that it would be exercising set-off, League had deposited \$346,624 into overdraft accounts and \$10,021 into Colwood and Duncan accounts. RBC exercised set-off against these amounts. Upon receiving the notice, League took steps to prevent additional deposits being made into negative balance accounts until an agreement could be reached with RBC.
- 7.9 On November 13, 2013, League and RBC reached an agreement whereby RBC would retain all funds that it had set-off but would take no further set-off action until the conclusion of the CCAA proceedings.

## **8. REVISED CASH FLOW PROJECTION AND DIP FUNDING**

- 8.1 League currently has sufficient cash to fund operations to Friday, November 22; but not beyond. League has advised the Monitor that it intends to make an Application to Court to increase the level of DIP Funding currently provided under the CCAA Proceedings. In

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this regard, League is currently working on a cash flow forecast in support of the additional DIP Funding. The Monitor will provide comments upon receipt of the cash flow forecast and will report further to the Court.

- 8.2 In an attempt to preserve the initial terms negotiated with the DIP Lenders, a Right of First Refusal (“**ROFR**”) was negotiated. At the direction of the Court, the ROFR was circulated to the Service List to determine if any stakeholder objected to League executing same. A number of secured lenders have indicated their objection to the ROFR. Accordingly, this agreement has not been executed and the Monitor expects that League will be bringing an application for approval of the ROFR.

## **9. TRANSACTION REVIEW**

- 9.1 In light of the significant amounts invested in League and the low aggregate Estimated Net Proceeds, the Monitor is mindful of the creditors’ and Investors’ frequently expressed concern about “where the money went”. The Monitor is aware that certain stakeholders have commented on the need for a full forensic investigation. Such an investigation would be time consuming and costly to the stakeholders, and the Monitor has not undertaken one at this time. The Monitor could undertake an investigation in the event that the stakeholders so require and the Court provides those directions, including as to the framework for such a review.
- 9.2 The Monitor, however, has commenced a preliminary review of recent transactions over the past 3 months as is customary within a CCAA filing to determine if any preference payments have been made or transactions under value have taken place. In addition, the Monitor has included in its review an investigation of the compensation of the Principals. The Monitor anticipates that the findings from this preliminary review may be useful in guiding stakeholders and the Court in determining the scope of any further review and whether the costs of a more comprehensive review are warranted.
- 9.3 The Monitor has not yet completed its preliminary review and will report its findings in a future report once this work is completed.
- 9.4 The Monitor notes that the Principals and the Company generally have been cooperative with the Monitor’s review.

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- 9.5 Based on the results of the preliminary review to date, the Monitor has the following general observations:
- 9.5.1 Most of the League entities are controlled by the Principals either through ownership or through a combination of ownership and management agreements. As a result, significant decisions have been made exclusively by the Principals.
- 9.5.2 League appears to have treated the resources of the League Group as a pool rather than recognizing individual legal entities. This is evidenced by a multitude of inter-group transactions and transferring of funds, without apparent consideration to whether the transfer of funds from one entity to another is in the best interest of the transferor entity and its stakeholders or whether it may be contrary to agreements in place with respect to each specific entity.
- 9.5.3 Decisions were often made with inadequate financial information as League has struggled to maintain current financial reporting due to its rapid and significant growth together with its complex organizational structure.
- 9.5.4 There are no set compensation values for the Principals. Notwithstanding this lack of structure, it does not appear that the total compensation received by the Principals is materially inconsistent with the size and breadth of the organization.

## **10. OPERATIONAL RESTRUCTURING ACTIVITIES TO DATE**

- 10.1 Since the date of filing, League has reduced the number of employees by 57 (49 by way of terminations and 8 through voluntary departures). The current level of staff reductions has resulted in a 1/3 reduction of the annualized payroll costs.

Area	Headcount		Annual salary (\$)	
	Pre-filing	Current	Pre-filing	Current
Partners REIT	33	30	3,331,162	2,953,122
Real estate & development	20	9	1,697,896	1,085,674
Finance / accounting	17	16	1,067,747	1,038,627
Wealth management	33	6	2,318,202	505,045
Human resources	5	4	468,042	375,045
Administration	15	7	791,232	400,379
Marketing	5	3	391,040	190,029
Information technology	6	2	372,518	165,006
Legal	1	1	36,400	36,400
	<b>135</b>	<b>78</b>	<b>10,474,237</b>	<b>6,749,327</b>

League has advised the Monitor that it intends to further reduce the number of employees once the direction of League's restructuring is determined. The Monitor notes

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that 38% of the remaining staff are involved in the management of Partners REIT and will remain on payroll until the future of the management agreement is determined.

- 10.2 On November 13, 2013, the Company, with the consent of the Monitor, disclaimed four real property leases for the Company's existing operations in Vancouver, Calgary and its two offices in Toronto. The annualized savings is \$1.1 million. A fifth real property lease for new office premises in Vancouver that are not yet constructed was also disclaimed. The employees that work at the disclaimed locations are related to the Partners REIT contract and the Company will determine the need to source alternative office space once the future of the management agreement is determined.
- 10.3 The Company has implemented several cost control measures, including a reduction of the number of contract employees from 3 to 2 and is currently reviewing the need for leased office equipment (i.e. photocopiers and computer hardware).

## **11. RESTRUCTURING OPTIONS**

- 11.1 Over the last several weeks the Monitor has participated in numerous discussions and meetings with the Company, counsel for certain of the mortgage lenders, representative counsel for the Investors and other stakeholders. The Monitor's objective has been to determine whether there is a consensual path forward with respect to the restructuring of the League Group that is in the best interest of the various stakeholders. The Monitor notes that there are numerous parties represented by counsel in these proceedings and as a result, contested litigation concerning the structure of the CCAA Proceedings or any alternative insolvency proceeding has the potential to significantly erode recoveries that may otherwise be available to League's stakeholders and, in particular, the Investors.
- 11.2 On November 6, 2013, the Monitor received a letter outlining a proposal (the "**Receivership Proposal**") from counsel for a group of secured creditors that was written on behalf of secured creditors holding approximately \$122.3 million of secured debt of the League Group. This group of secured creditors represents 2/3 of the third party secured debt owing by the League Group. The Receivership Proposal was stated to be "an effort to develop a constructive alternative approach that can fully protect the interests of the investors, without unnecessary impact on the secured creditors." The letter also outlined the secured creditors' opposition to the CCAA Proceedings as currently constituted. A copy of the Receivership Proposal is attached as Appendix G.

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- 11.3 The Receivership Proposal includes the following:
- 11.3.1 PwC being appointed as “global” receiver of all of the Petitioners;
  - 11.3.2 None of the third party secured creditors of each individual League entity would be stayed from enforcing their security;
  - 11.3.3 The costs of the global receivership would form a charge on the assets of all of the League entities, but ranking behind the security of the third party secured creditors; and
  - 11.3.4 Any secured creditor with respect to a specific property can engage PwC (or another party) as its receiver to, among other things, perform work on the property, market and/or sell the property and collect rents.
- 11.4 The Monitor and its counsel have had numerous discussions with various counsels for the secured creditors since receiving the Receivership Proposal. The Monitor is sympathetic to the argument that the secured mortgage lenders should be able to obtain the benefit of the security and enforcement rights that they bargained for in these circumstances. The Monitor has also reviewed and takes note of the stated advantages to the Receivership Proposal set out in the November 6 letter, including the potential benefits of the proposal to the Investors. The Monitor also notes the following potential issues with respect to the Receivership Proposal proposed by the mortgage lenders:
- 11.4.1 It would likely be more costly than an orderly liquidation in a CCAA Proceeding as it would require the Receiver to take possession of the properties and deal with the issues inherent with taking possession, such as creating new bank and utility accounts, dealing with insurance issues and all of the issues that would be involved in managing the properties.
  - 11.4.2 The Receivership Proposal includes the ability of each mortgage lender to deal with their property outside of the global receivership proceedings which may have a destabilizing effect on the proceedings and cause numerous practical day-to-day issues in the administration of the proceeding. The proposal may result in a multiplicity of legal proceedings and increased costs. The cost of any property specific receiver would be added to the mortgage balance.
  - 11.4.3 The perception of a forced and distressed receivership liquidation could reduce sale values.

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- 11.4.4 It may be difficult for the Investors' concerns to be adequately addressed in a receivership scenario, including realizing any potential upside from the development properties.
- 11.4.5 The flexibility inherent in a CCAA proceeding with its potential for compromises in a plan of arrangement would be lost.
- 11.5 League's proposal (the "**League Proposal**") is summarized in a steps memo attached as Exhibit "C" to Adam Gant's 4th affidavit. This document had been previously provided to the Monitor, counsel for certain of the secured lenders and representative counsel for the Investors.
- 11.6 The League Proposal includes the following:
  - 11.6.1 A restructuring of the Company overseen by a Chief Restructuring Officer, with a significant downsizing of operations and cost savings;
  - 11.6.2 An immediate sale of 8 of the income producing properties;
  - 11.6.3 The remaining 10 income producing properties being rolled into a new publicly listed company pursuant to a plan, with the existing mortgages brought current or replaced with new mortgages;
  - 11.6.4 Debt/new financing being raised to refinance the ongoing business; and,
  - 11.6.5 Deferral to a second phase of the restructuring, the specific issues relating to the Colwood development properties.
- 11.7 The League Proposal seeks to retain the upside with respect to the retained Properties and allowing the Investors and other stakeholders to benefit from that upside. It is also intended to benefit the mortgage lenders by paying them out or correcting any monetary default. The Monitor notes the following with respect to the League Proposal:
  - 11.7.1 It is a preliminary proposal and likely needs additional review and consideration from a corporate and tax law perspective;
  - 11.7.2 The secured lenders oppose the type of comprehensive restructuring inherent in the League Proposal as they state they have lost confidence in League and its management. As such, it is likely that advancing the League Proposal will result

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in significant costs, both in respect of litigation against the lenders and in developing the plan;

- 11.7.3 There is a question as to whether necessary regulatory approvals will be granted to “Newco” and whether its net asset value would justify the costs inherent in public company reporting;
- 11.7.4 It assumes creditors will vote in favour of the plan. Creditors may oppose a plan if the plan provides recoveries for equity Investors while requiring unsecured creditors to compromise their claims, or wait excessive periods of time to recover their investment.
- 11.7.5 In order to generate the upside, new financing and/or new partners are required to provide the funding necessary to develop and hold the properties.
- 11.8 The Monitor has attempted to assist the parties in finding a middle ground between the polar opposites of the Receivership Proposal and the League Proposal. The Monitor, the Company, the secured lenders and representative counsel have been discussing a hybrid approach that the Monitor believes could form the basis for a consensual resolution to the current impasse in these proceedings. The hybrid approach currently under discussion involves an expansion of the Monitor’s powers, certain management changes, an orderly sales process and maintaining League’s ability to put forward a restructuring transaction.
- 11.9 At the time of the filing of this report, League has brought an application for the appointment of a Chief Restructuring Officer and has distributed a draft plan of arrangement. The secured lenders have brought an application for the appointment of a Receiver over League. Despite these recent filings, the Monitor is of the view that the stakeholder discussions should continue with the goal of achieving a consent order to be presented at the Comeback Hearing.

## **12. SALE OF COWICHAN DISTRICT FINANCIAL CENTER**

### *Background*

- 12.1 Cowichan District Financial Centre Limited Partnership (“**Cowichan LP**”) is the beneficial owner of the Cowichan District Financial Center (“**Cowichan Financial Center**”). 0891146 B.C. Ltd is the registered owner of the Cowichan Financial Center but holds it as bare trustee for the benefit of Cowichan LP.

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- 12.2 Cowichan LP purchased the Cowichan Financial Center in September 2010 for approximately \$2.25 million. It is a three storey office/retail building with approximately 39,900 sq. ft. of leasable space located in Duncan, B.C.
- 12.3 Since the acquisition, Cowichan LP invested approximately \$4.4 million in upgrades to the building's façade and interior with a view of enhancing the quality of the leasable space and attracting higher rents. The majority of the redevelopment work was completed in May, 2013.
- 12.4 Cowichan LP has been seeking new tenants for the higher grades space for over a year and has had difficulty attracting new tenants to the building. Cowichan LP notes that the depressed regional economy combined with prospective tenant's desire to see the finished product has led to the lack of leasing activity. As a result, the Cowichan Financial Center has a current occupancy rate of only 13%.

## *Sale Agreement*

- 12.5 Cowichan LP entered into a sale agreement dated October 30, 2013 with 0984367 BC Ltd. (the "**Purchaser**") and 0984369 BC Ltd. (the "**Nominee**") to sell the Cowichan Financial Center (the "**Sale Agreement**"). The only condition precedent to the completion of this Sale Agreement is the receipt of the Monitor's consent to the sale and the making of an order of the Court approving the sale and vesting title of the Cowichan Financial Center in the Nominee by November 22, 2013.
- 12.6 The key terms of the Sale Agreement are as follows:
  - 12.6.1 A gross purchase price of \$7.2 million, which will be adjusted by \$100,000 to account for costs to be incurred by the Purchaser to complete work required to obtain certain permits from the City of Duncan. The purchase price will also be adjusted for tenant improvement allowances owed to the tenants in the amount of \$37,273.58. The net purchase price is therefore \$7,062,726.42;
  - 12.6.2 The net purchase price will be further adjusted for typical adjustments including rent deposits, utilities and taxes to calculate the net proceeds to the Cowichan LP;
  - 12.6.3 The Purchaser has placed a deposit of \$350,000 with its solicitors, who hold the monies in trust pursuant to the Sale Agreement; and



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- 12.6.4 The Purchaser assumes the responsibility for the completion of a lease rate arbitration between Cowichan LP and the Bank of Nova Scotia ("**Scotiabank**") arising from an extension of its lease commencing December 1, 2012. Rent is being paid by Scotiabank at the pre-extension rate and will be adjusted based on the outcome of the arbitration. The Purchaser will be responsible for any settlement payments or awards arising from the adjustment of rent retroactive to December 1, 2012.
- 12.7 The arbitration proceedings are at an early stage so the outcome will not be determined prior to the closing of the Sale Agreement. Cowichan LP believes that the rent rate will be substantially increased. Based on range of rental rates that Cowichan LP believes it is entitled to, the Monitor estimated the potential amount the Purchaser could receive in the event that the arbitration rules in Cowichan LP's favour. The Monitor estimates that the retroactive rent to December 1, 2013 could be up to \$45,000 which is an indirect set off against the purchase price. As a result, the adjusted net purchase price may be approximately \$7,018,000.

## *Evaluation of the Sale Agreement*

- 12.8 The offer to purchase was unsolicited. It was received from the Purchaser following the collapse of a prior offer to purchase dated July 29, 2013 (the "**Original Offer**") provided to Cowichan LP from Cowichan Health & Wealth Centre Inc. ("**Cowichan Health**"), a company associated with the Purchaser through common ownership.
- 12.9 The Original Offer contained the same net purchase price as the Sale Agreement but it was not completed, as Cowichan Health had not waived a condition precedent relating to the satisfactory completion of an environmental investigation prior to a deadline contained in the Original Offer. The Purchaser has now completed its environmental investigation which prompted the submission of a new offer that lead to the execution of the Sale Agreement.
- 12.10 In light of the fact that the Cowichan Financial Center was not exposed to the market through a formal sales process, the Monitor considered the following factors in its evaluation of the consideration being provided pursuant to the Sale Agreement:
- 12.10.1 As discussed previously, the Monitor conducted an evaluation of each property owned by League. As part of the evaluation, the Monitor engaged Colliers to recommend a sales process and provide their estimated transaction value

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utilizing that process. The results of this analysis are contained in the Property Book to be filed with the Court under seal. The net proceeds from the Sale Agreement exceed Collier's estimated transaction value for Cowichan and Collier's recommends that the Sale Agreement be completed.

12.10.2 The current occupancy levels of the Cowichan Financial Center are so low that the current operating expenses for the Cowichan Financial Center exceed the rent revenue and must be funded. Prior to the Filing Date, funding for the net operating losses and financing payments was advanced to Cowichan LP by other League entities. The net operating deficit is projected to be \$2,000 per month and would require DIP funding in the event that the Cowichan Financial Center was retained. Further funding would be required of approximately \$24,000 per month if the mortgage payments were made during the course of the CCAA proceedings. The Monitor does not expect that sales price to be obtained from exposing the Cowichan Financial Center to the general market will exceed the price pursuant to the Sale Agreement.

12.11 Based on the foregoing, the Monitor considers the value obtained for the Cowichan Financial Center to be fair and reasonable and evidence that the process undertaken was fair and reasonable in the circumstances. Furthermore, the Monitor is of the view that the transaction contemplated by the Sale Agreement would be more beneficial to creditors than a sale or disposition under a bankruptcy.

## *Disposition of Sale Proceeds*

12.12 League has proposed that the sale proceeds be applied as follows:

12.12.1 Firstly, to any transaction costs;

12.12.2 Secondly, 5% to be held back and held in trust by the Monitor to fund the Administration Charge, DIP Charge, Director's Charge and Rep Counsel Charges;

12.12.3 Thirdly, to any secured lenders with security registered against the Cowichan Financial Center in accordance with their priorities;

12.12.4 Fourthly, to repay amounts advanced to the DIP Lender unless the DIP Lender consents otherwise; and,

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12.12.5 Finally, the remaining amount to be held in trust by the Monitor for distribution to other stakeholders in a manner to be determined.

- 12.13 The Coastal Community Credit Union holds a first mortgage against the Cowichan Financial Center of approximately \$4.2 million, Maxium Financing holds a second mortgage of approximately \$0.8 million and a lien for approximately \$23,000 has been filed by ABBA floorcoverings.
- 12.14 If the two mortgages are repaid and the lien is discharged, the Monitor estimates that approximately \$350,000 would be held in trust in respect of the 5% holdback for the CCAA Charges and the balance of the net proceeds (of approximately \$1.64 million) will either be paid to the DIP Lender or be held in trust for distribution to other stakeholders.
- 12.15 It is the Monitor's view that in light of the current uncertainty as to the outcome of the Comeback Hearing, the sales proceeds should be held by the Monitor, pending further order of the Court.

## **13. SALE OF PARTNERS REIT INTERESTS**

### *Background*

- 13.1 Partners REIT is a TSX listed real estate investment trust. IGW Public LP is the largest unit holder of Partners REIT. IGW Public LP holds 3,872,863 units of Partners REIT, which is approximately 15% of the issued units of Partners REIT (the "**IGW Block**").
- 13.2 LAPP GAM, a wholly owned subsidiary of IGW Public LP, manages Partners REIT pursuant to an amended and restated management agreement between LAPP GAM and Partners REIT dated March 30, 2012 (the "**Management Agreement**").
- 13.3 The IGW Block is pledged to Firm to secure obligations of IGW Public LP to Firm. The aggregate outstanding debt to Firm that is secured on the IGW Block is approximately \$17.4 million.
- 13.4 In addition, IGW Public LP also granted a second priority pledge of the IGW Block to Timbercreek to secure obligations of IGW Public LP and IGW REIT LP to Timbercreek. The aggregate outstanding debt to Timbercreek that is secured on the IGW Block is approximately \$13.5 million. In the event that the proceeds of the IGW Block do not

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satisfy the Timbercreek loan, Timbercreek holds additional mortgage security over certain League properties.

- 13.5 On November 13, 2013, Partners REIT announced that it was reducing its monthly cash distribution by 20%.
- 13.6 When the markets closed on November 14, 2013, the units of Partners REIT closed at \$5.50 per unit, which was a drop of 50¢ from the closing price of \$6.00 per unit on November 13, 2013. On November 18, 2013, the price per unit increased by 32¢ to close at \$5.82.

### *Proposals Received in respect of the IGW Block*

- 13.7 League has been seeking a purchaser of the units of Partners REIT who would pay a premium over the market price since the commencement of the CCAA Proceedings and League has held discussions with a number of potential purchasers, many of whom have contacted League on an unsolicited basis.
- 13.8 The Monitor has also been in discussions with and has received communications from counsel to the independent trustees of Partners REIT with respect to their concerns regarding the manner of any disposition of the IGW Block and any assignment of the Management Agreement.
- 13.9 On November 14, 2013, an unsolicited offer to purchase the IGW Block was received from Orange Capital LLC ("**Orange Capital**") to purchase the IGW Block for \$6.00 a unit and to acquire LAPP GAM's interest in the Management Agreement (the "**Orange Capital Proposal**"). The maximum purchase price under this proposal was \$26,592,055. On November 18, 2013, this offer was amended to exclude the Management Agreement and to increase the price to \$6.25 per unit. This offer has been circulated to the service list directly by Orange Capital.
- 13.10 League is currently in advanced discussions with a different third-party purchaser for the sale of the IGW Block for a price in excess of the amended offer provided by Orange Capital. We understand that the Company intend to bring a motion for approval of such transaction after the negotiations are complete. The Monitor will file a separate report in connection with such transaction.

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## **14. MONITOR'S ACTIVITIES TO DATE**

- 14.1 The Monitor has undertaken the following activities since its last report dated October 23, 2013:
  - 14.1.1 Continued attendance at League's head office in Victoria, B.C. and reviewed its books and records extensively. League has continued to cooperate with the Monitor in providing unrestricted access to their books and records;
  - 14.1.2 Commenced a limited review of payments made by League entities during the three months leading up to the Filing Date to search for preference payments or transfers under value. This review is ongoing and was discussed in Section 9 above.
  - 14.1.3 Conducted an inventory of information systems and records of League and took electronic images of all databases to secure data stored by League's electronic information systems. This involved imaging storage drives on all servers and personal computer hard drives for computers located in Victoria;
  - 14.1.4 Engaged Colliers and completed a detailed review of the 22 properties, as outlined in the Property Book, including their condition, occupancy levels, rent rolls, encumbrances and potential sales strategies;
  - 14.1.5 Reviewed the proposed sale of the Westlock Plaza and reported to the Court on League's application for approval of same;
  - 14.1.6 Participated in the closing for the sale of Westlock Plaza through the review of documents, the issuance of the Monitor's certificate and the receipt of the gross proceeds;
  - 14.1.7 Reviewed the proposed loan advance from BCMP to the Quadra Villages Limited Partnership in order to allow for the final completion and leasing of this 64 residential unit complex and reported to the Court on League's application for approval of same. Participated in facilitating the loan advance through the review of progress draws and other supporting documentation for the loan draw and commenting on same;
  - 14.1.8 Engaged in extensive discussions with representatives of various mortgage lenders regarding their proposed approach to recover their secured loans and plans developed by League for restructuring its affairs. This included attending

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meetings with lenders individually and as a group to determine if there were grounds to build consensus with League's plans;

- 14.1.9 Engaged in extensive discussions with League and its counsel regarding League's plan to restructure its affairs. Reviewed and evaluated League's preliminary restructuring approach to support discussions between League and its mortgage lenders;
- 14.1.10 Responded to over 500 emails and phone enquiries from stakeholders and maintained regular updates to the Monitor's website.
- 14.1.11 Engaged in numerous discussions with the Investors Representative Counsel and provided them with information on the population of investors, League's preliminary restructuring approach and the results of the Monitor's assessment of League's properties;
- 14.1.12 Conducted detailed monitoring of League's cash receipts and disbursements which included setting up monitoring procedures for 65 bank accounts. Provided information to assist League with reaching a settlement agreement with the Royal Bank with respect to its claim of set off discussed previously;
- 14.1.13 Assisted League in the development of revised cash flow projections for the period following the Comeback Hearing;
- 14.1.14 Participated in numerous discussions with prospective purchasers of the Partner's REIT units and League's interest in the management contract. Also held numerous discussions with representatives of Partner's REIT regarding the management contract. Provided League with the Monitor's view on prospective offers and the negotiations thereof;
- 14.1.15 Participated in numerous discussions with League and Firm Capital Corporation with respect to the prospective sale of the Hamilton property;

## **15. CONCLUSION**

- 15.1 The Monitor notes that several stakeholders have recently filed applications with the Court returnable at the Comeback Hearing. Given the current uncertainty with respect to the nature of these proceedings going forward, the fact that certain of these applications may be rendered unnecessary, and the extent of the material served on the eve of the

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Comeback Hearing, this Report does not address those court materials. The Monitor will address additional issues related to the Comeback Hearing as matters progress.

- 15.2 The Monitor is of the view that League requires stability and certainty of process on an urgent basis. Contested litigation as to the nature and form of League's insolvency process is distracting and time consuming and will erode stakeholder recoveries. In the past 24 hours alone, the Monitor has been provided with numerous court applications, affidavits, draft court orders and a draft plan of arrangement. As described above, the Monitor has focused its efforts on trying to achieve a consensual solution acceptable to the company, representative counsel for the investors and the secured lenders that is a compromise between the positions initially advanced by League and the secured lenders. The Monitor believes that the only reasonable way to move forward with League's restructuring is to have the parties in interest come to a mutually agreeable solution. Based on the Monitor's knowledge of the parties' positions as of the filing of this report, the Monitor believes that a mutually agreeable solution can be achieved and that the parties should continue their discussions with the goal of presenting a consent order to the court as soon as possible.

This report is respectfully submitted this 18<sup>th</sup> day of November, 2013.

**PricewaterhouseCoopers Inc.**  
**Court Appointed Monitor of**  
**League Assets Corporation, et al**



**Michael J. Vermette, CA, CIRP**  
**Senior Vice President**



**Neil Bunker, CA, CIRP**  
**Vice President**

## **APPENDIX A**

### **List of Petitioners**



## **List of Petitioners**

### **Corporations**

1. 0781591 B.C. Ltd.
2. 0811883 B.C. Ltd.
3. 0812307 B.C. Ltd.
4. 0827524 B.C. Ltd.
5. 0873201 B.C. Ltd.
6. 0891146 B.C. Ltd.
7. 0895249 B.C. Ltd.
8. 0895251 B.C. Ltd.
9. 0908150 B.C. Ltd.
10. 2128273 Ontario Inc.
11. 2146431 Ontario Inc.
12. 2148711 Ontario Inc.
13. 2164613 Ontario Inc.
14. 2164614 Ontario Inc.
15. 2246329 Ontario Limited
16. 2291088 Ontario Inc.
17. 2314845 Ontario Inc.
18. 473 Albert St. Office GP Inc.
19. 7667906 Canada Inc.
20. 8252220 Canada Inc.
21. Arbutus Industrial Park Ltd.
22. Colwood Belmont Developments Ltd.
23. Colwood City Centre Corp.
24. Colwood City Centre GP Inc.
25. Colwood Jerome Developments Ltd.
26. Colwood Sooke Developments Ltd.
27. Colwood's Triumph GP Ltd.
28. Cowichan District Financial Centre GP Inc.
29. Cygnet Apartments GP Inc.
30. Cygnet Properties GP Inc.
31. Duncan City Centre GP Inc.
32. Durham Portfolio GP Inc.
33. Fort St. John Retail GP Inc.

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- 34. Gatineau Centre Development GP Inc.
- 35. Gatineau Centre Real Estate Development Corporation
- 36. IGW Cash Management Fund Ltd.
- 37. IGW Diversified Redevelopment Fund GP Inc.
- 38. IGW Energy Capital GP Inc.
- 39. IGW Industrial GP Inc.
- 40. IGW Mortgage Investment Corporation
- 41. IGW Properties GP I Inc.
- 42. IGW Public GP Inc.
- 43. IGW REIT GP Inc.
- 44. IGW Residential Capital GP Inc.
- 45. Jesken Development GP Inc.
- 46. Jesken Investment GP Inc.
- 47. LAPP Global Asset Management Corp.
- 48. League Acquisition Corp.
- 49. League Assets Corp.
- 50. League Assets GP Inc.
- 51. League Assets International Inc.
- 52. League Capital Markets Ltd.
- 53. League Capital Partners Ltd.
- 54. League Debt Corp.
- 55. League Financial Partners Inc.
- 56. League Founding Limited Partner Ltd.
- 57. League Holdings Corp.
- 58. League Investment Fund Ltd.
- 59. League Investment Services Inc.
- 60. League Opportunity Fund Ltd.
- 61. League Realty Advisory Ltd.
- 62. League Realty Services Ltd.
- 63. League REIT Investco Inc.
- 64. Londondale Shopping Centre GP Inc.

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- 65. Market Square Properties GP Inc.
- 66. Member-Partners' Consolidated Properties GP Inc.
- 67. North Vernon Properties Inc.
- 68. Partners Equity Finance Inc.
- 69. Residences At Quadra Village GP Inc.
- 70. Stoney Range Industrial GP Inc.
- 71. Sundel Square Ltd.
- 72. Tsawassen Retail Power Centre GP Inc.
- 73. Tyee Plaza GP Inc.
- 74. Village Green Holdings #2 Ltd.
- 75. Village Green Holdings #3 Ltd.
- 76. Zeus Energy Ltd.

## **Limited Partnerships**

- 77. 473 Albert St. Office Limited Partnership
- 78. Colwood City Centre Limited Partnership
- 79. Colwood's Triumph Limited Partnership
- 80. Cowichan District Financial Centre Limited Partnership
- 81. Duncan City Centre Limited Partnership
- 82. Durham Portfolio Limited Partnership
- 83. Fort St. John Retail Limited Partnership
- 84. Gatineau Centre Development Limited Partnership
- 85. IGW Diversified Redevelopment Fund Limited Partnership
- 86. IGW Energy Capital Limited Partnership
- 87. IGW Industrial Limited Partnership
- 88. IGW Properties Limited Partnership I
- 89. IGW Public Limited Partnership
- 90. IGW REIT Limited Partnership
- 91. IGW Residential Capital Limited Partnership
- 92. Jesken Development Limited Partnership
- 93. Jesken Investment Limited Partnership

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- 94. League Assets Limited Partnership
- 95. Londondale Shopping Centre Limited Partnership
- 96. Market Square Properties Limited Partnership
- 97. Member-Partners' Consolidated Properties Limited Partnership
- 98. North Vernon Properties Limited Partnership
- 99. Redux Duncan City Centre Limited Partnership
- 100. Residences At Quadra Village Limited Partnership
- 101. Stoney Range Industrial Limited Partnership
- 102. Tsawassen Retail Power Centre Limited Partnership
- 103. Tyee Plaza Limited Partnership
- 104. Village Green Holdings Limited Partnership

**Real Estate Investment Trusts**

- 105. League IGW Real Estate Investment Trust

## **APPENDIX B**

### **League Group Organisation Chart**





## **APPENDIX C**

### **Filed Entity Summaries**

**Entity Name:** League Assets General Partners Inc. ("LGP")

**Business Activity:** LGP is the general partner to the LALP which represents the majority of the League Group. LGP is owned equally by 0742054 and 0742044 BC Ltd.  
Adam Gant is the sole director of 0742044 and the Gant Family Trust holds all voting shares of which he is one of the trustees and beneficiaries. As with 0742044 it is understood Emanuel Arruda has the same entity structure for 0742054.

**Legal Entities:** League Assets General Partners Inc.  
League Asset Limited Partnership ("LALP")  
0742054 BC Ltd (Non-filing)  
0742044 BC Ltd (Non-filing)

**Ownership Summary:** See description above for LGP ownership  
0742054 and 0742044 both own 30.11% of LALP  
The remaining 39.78% interest is held by third party investors.

**Manager:** None

**Financial Highlights:**

None

**Intercompany Summary:**

None

**Guarantee / Guarantor:**

LGP is the guarantor to the First Mortgage Loan in respect of the head office 710 Redbrick Street, Victoria, BC.

**Company's reason for inclusion or exclusion to the CCAA filing:**

This entity is a guarantor of the loan which was defaulted due to the League Group being insolvent to satisfy debt repayment requirements.



**Entity Name:** League Investment Services Inc. ("LISI")

**Business Activity:** LISI sells debt and equity instruments to individuals looking to invest in the League Group. This entity is licensed to sell third-party products and anticipates doing so as part of a restructured entity.

**Legal Entities:** League Asset Limited Partnership ("LALP")  
League Investment Services Inc.

**Ownership Summary:** LALP wholly owns LISI  
LISI was the sole shareholder of Colwood City Centre GP Inc, however, has since changed to League Asset Corp.

**Manager:** None

<b>Financial Highlights:</b>			
<u>Balance Sheet</u>	<u>31-Dec-12</u>	<u>Income Statement</u>	<u>31-Dec-12</u>
<i>Assets</i>		Net revenue	3,122,207
Owned Real Estate Assets	-	Less: total expenses	(3,090,827)
Intergroup receivables	703,592	Net Income (Loss)	<b>31,380</b>
Other Assets	<u>133,261</u>		
	836,853		
<i>Liabilities</i>			
Mortgage Payable	-		
Loans Payable	-		
Intergroup payable	69,787	<u>Cash flow statement (excerpt)</u>	
Trade & Accrued Liabilities	<u>594,160</u>	Cash from operating activities	118,214
Total Liabilities	663,947	Cash from financing activities	(105,238)
		Cash from investing activities	-
Equity / (Deficit)	<b>172,906</b>	Net change in Cash Flow	<b>12,976</b>

**Intercompany Summary (as at December 31, 2012):**

Due from League Asset Corp	703,592	Non-interest bearing	
Due to League Asset Corp	(67,413)	Amounts for expenses paid by LAC	
Due to IGW REIT LP	<u>(2,374)</u>		
Net Intergroup balance	<b>633,805</b>		

**Guarantee / Guarantor:**

None noted

**Company's reason for inclusion or exclusion to the CCAA filing:**

This entity is heavily supported by League Asset Corp which is now insolvent and LALP. This entity will be part of the restructuring plan.

**Entity Name:** League Financial Partners Inc. ("LFPI")

**Business Activity:** LFPI is a wholly owned subsidiary of LALP and was incorporated in February 2013 to become the public parent corporation for the League Group through a planned reorganization. LFPI is also the sole owner of League Investment Fund Ltd.

**Legal Entities:** League Asset Limited Partnership ("LALP")  
League Financial Partners Inc.  
League Investment Fund Ltd. ("LIFL")

**Ownership Summary:** LALP wholly owns LFPI  
LFPI wholly owns LIFL

**Manager:** None

<b>Financial Highlights:</b>		LFPI was not incorporated until after December 31, 2012	
<u>Balance Sheet</u>	<u>31-Mar-13</u>	<u>Income Statement</u>	<u>31-Mar-13</u>
<i>Assets</i>		Net revenue	-
Owned Real Estate Assets	-	Less: total expenses	(493,682)
Intergroup receivables	-	Net Income (Loss)	<u>(493,682)</u>
Other Assets	<u>34,192</u>		
	34,192		
<i>Liabilities</i>			
Mortgage Payable	-		
Loans Payable	-		
Intergroup payable	527,864	<u>Cash flow statement (excerpt)</u>	
Trade & Accrued Liabilities	<u>-</u>	Cash from operating activities	(527,874)
Total Liabilities	527,864	Cash from financing activities	527,874
		Cash from investing activities	-
Equity / (Deficit)	<u>(493,672)</u>	Net change in Cash Flow	<u>-</u>

**Intercompany Summary (as at March 31, 2013):**

Due to League Asset Corp 527,864

**Guarantee / Guarantor:**

None noted

**Company's reason for inclusion or exclusion to the CCAA filing:**

This company has negative income and requires support from League Asset Corp which is now insolvent.

**Entity Name:** League Opportunity Fund Ltd ("LOF")

**Business Activity:** LOF was created to provide a further vehicle for investors to invest in the League Group. In order to do so, LOF issued a series of convertible promissory notes worth approximately \$13.5 million pursuant to an offering to subscribers. IGW LP and LAC guaranteed all of the obligations of LOF pursuant to such notes and LOF issued a general security agreement in favour of the subscribers. LOF used the funds to provide loans to other members of the League Group. As a result, LOF has a large loan outstanding to investors, and corresponding loans receivable from other entities.

**Legal Entities:** League Asset Limited Partnership ("LALP")  
League Opportunity Fund Ltd

**Ownership Summary:** LALP wholly owns LOF

**Manager:** None

<b>Financial Highlights:</b>		Period of Incorporation on Sept 18, 2012 to December 31, 2012	
<u>Balance Sheet</u>	<u>31-Dec-12</u>	<u>Income Statement</u>	<u>31-Dec-12</u>
<i>Assets</i>		Net revenue	79,217
Owned Real Estate Assets	-	Less: total expenses	(516,164)
Intergroup receivables	7,623,288	Net Income (Loss)	<u>(436,947)</u>
Other Assets	<u>1,874,492</u>		
	9,497,780		
<i>Liabilities</i>			
Mortgage Payable	-		
Loans Payable	9,446,942		
Intergroup payable	-	<u>Cash flow statement (excerpt)</u>	
Trade & Accrued Liabilities	<u>487,685</u>	Cash from operating activities	(59,568)
Total Liabilities	9,934,627	Cash from financing activities	481,801
		Cash from investing activities	-
Equity / (Deficit)	<u>(436,847)</u>	Net change in Cash Flow	<u>422,233</u>

**Intercompany Summary (as at December 31, 2012):**

*Due from related parties (receivable)*

League Assets LP	100
League Capital Markets	667,357
League Assets Corp.	<u>6,955,831</u>
Intergroup (payable) receivable	<u>7,623,288</u>

**Guarantee / Guarantor:**

None noted

**Company's reason for inclusion or exclusion to the CCAA filing:**

IGW REIT LP and LALP, which are both insolvent, guaranteed the loans of LOF and will be unable to satisfy these terms thus forcing inclusion.

**Entity Name:** League Holdings Corp. ("LHC")

**Business Activity:** LHC acts as a holding company for the building in which the League head office is located at 710 Redbrick St, Victoria, BC.

**Legal Entities:** League Holdings Corp.  
0873201 BC Ltd.  
2314845 Ontario Inc.  
2246329 Ontario Ltd.  
League Asset Limited Partnership ("LALP")

**Ownership Summary:** LALP owns 100% of LHC through 1 Class A w/o par value  
LHC is the sole shareholder of 0873201 BC Ltd, 2314845 Ontario Inc. and 2246329 Ontario Ltd.

**Manager:** League Asset Corporation

<b>Financial Highlights:</b>			
<u>Balance Sheet</u>	<u>31-Dec-12</u>	<u>Income Statement</u>	<u>31-Dec-12</u>
<i>Assets</i>		Net revenue	845,420
Owned Real Estate Assets	8,394,432	Less: total expenses	(1,007,516)
Intergroup receivables	-	Net Income (Loss)	<u>(162,096)</u>
Other Assets	<u>6,139,701</u>		
	14,534,133		
<i>Liabilities</i>			
Mortgage Payable	5,875,306		
Loans Payable	-		
Intergroup payable	7,741,860	<u>Cash flow statement (excerpt)</u>	
Trade & Accrued Liabilities	<u>1,140,325</u>	Cash from operating activities	422,872
Total Liabilities	14,757,491	Cash from financing activities	(6,932,226)
		Cash from investing activities	<u>6,441,658</u>
Equity / (Deficit)	<u>(223,358)</u>	Net change in Cash Flow	<u>(67,696)</u>

**Intercompany Summary (as at December 31, 2012):**

League Asset Corp - Payable	1,806,047
Partners REIT - Payable	<u>5,935,813</u>
Intergroup (payable) receivable	<u>7,741,860</u>

**Guarantee / Guarantor:**

0873201 BC Ltd is a guarantor for the First Mortgage Loan related to the above property. LHC is a guarantor for a loan made by Firm Capital Mortgage for 468-472 Ottawa St North, Hamilton, Ontario and a separate loan made by FCC Mortgage Associates Inc.

2314845 Ontario Inc. and 2246329 Ontario Inc. is guarantors for a FCC Mortgage Associates Inc. Loan.

**Company's reason for inclusion or exclusion to the CCAA filing:**

This entity has negative income and cash flow and therefore unable to satisfy debt financing requirements and is included in the CCAA filing.

**Entity Name:** Colwood City Centre Limited Partnership ("CCC LP")

**Business Activity:** The principal activity of CCC LP is the development of a multi-phase mixed-use project in the City of Colwood, BC.

**Legal Entities:** Colwood City Centre Limited Partnership  
Colwood City Centre General Partnership ("CCCGP")  
Colwood City Center Corporation ("CCCC")  
0781591 BC Ltd.  
0830123 BC Ltd.  
Colwood Belmont Developments Ltd ("CBD")  
Colwood Sooke Developments Ltd ("CSD")  
Colwood Jerome Developments Ltd ("CJD")  
Colwood Triumph General Partnership ("CTGP")  
Colwood Triumph Limited Partnership ("CTLTP")

**Ownership Summary:** League Asset Corporation owns 100% of CCCGP through 1 Class A  
CCCGP is the sole shareholder of 0830123, CBD, CJD, CSD, CTGP.  
CCCLP owns CCCC 100% through 1 Class A share  
CCCLP is owned by the following investors in different investments:

Secured Term Notes - 251 investors	\$ 15,459,508
Unsecured Term Notes - 371	\$ 18,412,062
RRSP Bonus Units - 12	750,389
Class A LP units - 508	24,684,137
IGW REIT LP owns 2.1% of the total	526,000
League Cityzen Capital Corp owns 4.6%	1,125,584
Remainder held by third party investors 93.3%	23,032,553

**Manager:** League Asset Corporation

<b>Financial Highlights:</b>			
<u>Balance Sheet</u>	<u>31-Dec-12</u>	<u>Income Statement</u>	<u>31-Dec-12</u>
<i>Assets</i>		Net revenue	349,768
Owned Real Estate Property	119,304,688	Less: total expenses	(1,951,116)
Intergroup receivables	-	Net Income (Loss)	<b>(1,601,348)</b>
Other Assets	<u>2,078,925</u>		
	121,383,613		
<i>Liabilities</i>			
Mortgage Payable	10,875,609		
Loans Payable	31,171,749		
Intergroup payable	69,298,749	<u>Cash flow statement (excerpt)</u>	
Trade & Accrued Liabilities	<u>5,360,231</u>	Cash from operating activities	(1,628,002)
Total Liabilities	116,706,338	Cash from financing activities	18,233,412
		Cash from investing activities	(16,470,004)
Equity / (Deficit)	<b><u>4,677,275</u></b>	Net change in Cash Flow	<b><u>135,406</u></b>

**Intercompany Summary (as at December 31, 2012):**

<i>Payable, as of December 31, 2011</i>	
IGW REIT LP, 11.0%, no stated terms of repayment	45,582,756
IGW REIT LP, 10.0%, no stated terms of repayment	23,079,618
League Asset Corporation, non-interest bearing, no terms of repayment	651,409
Colwood Triumph LP	(10,033)
IGW Mortgage Investment Corporation	<u>(5,000)</u>
	<b><u>69,298,750</u></b>

**Guarantee / Guarantor:**

CJD, CBD, CSD, 0781591 BC Ltd are guarantors for the Quest Mortgage loan for the development of the Colwood properties. CCCGP is a guarantor for the Peoples Trust Mortgage.

**Company's reason for inclusion or exclusion to the CCAA filing:**

This entity has negative income with a weak cash flow. It relies on loans from IGW REIT LP and League Asset Corp which is now insolvent thus forcing inclusion of this entity.

**Entity Name:** Redux Duncan City Centre Limited Partnership ("RDCCLP")

**Business Activity:** RDCCLP developed the Duncan Village, Duncan Plaza and Duncan Mall shopping retail centers on leased lands from the Cowichan First

**Legal Entities:** Duncan City Centre General Partnership ("DCCGP")  
 Redux Duncan City Centre Limited Partnership  
 0811883 BC Ltd.  
 Duncan City Centre Limited Partnership ("DCCLP")  
 0827524 BC Ltd  
 Village Green Holdings Limited Partnership ("VGHL")  
 Village Green Holdings #2 Ltd ("VGHL2")  
 Village Green Holdings #3 Ltd ("VGHL3")  
 League Asset Corporation ("LAC")

**Ownership Summary:** LAC owns 100% of DCCGP  
 DCCGP owns 0.001% of RDCCLP  
 RDCCLP is the sole shareholder of 0811883 BC Ltd. and DCCLP  
 0827524 BC Ltd is the sole registered limited partner of VGHL for the benefit of RDCCLP  
 0827524 BC Ltd is the sole shareholder of VGHL2 and VGHL3.  
 RDCCLP has outstanding the following capital:  
     15,253,494 Class A units to 247 third party investors  
     \$6,030,000 2011 Term Note to 85 third party investors  
     \$4,415,000 2011 Renewal Note to 68 third party investors

**Manager:** League Asset Corporation

<b>Financial Highlights:</b>			
<u>Balance Sheet</u>	<u>31-Dec-12</u>	<u>Income Statement</u>	<u>31-Dec-12</u>
<i>Assets</i>		Net revenue	5,615,986
Owned Real Estate Property	45,999,999	Less: total expenses	(14,293,568)
Intergroup receivables	-	Net Income (Loss)	<b>(8,677,582)</b>
Other Assets	<u>3,769,145</u>		
	49,769,144		
<i>Liabilities</i>			
Mortgage Payable	27,402,208		
Loans Payable	11,979,000		
Intergroup payable	20,032,638	<u>Cash flow statement (excerpt)</u>	
Trade & Accrued Liabilities	<u>2,544,357</u>	Cash from operating activities	(3,629,165)
Total Liabilities	61,958,203	Cash from financing activities	5,032,120
		Cash from investing activities	<u>(1,265,525)</u>
Equity / (Deficit)	<b><u>(12,189,059)</u></b>	Net change in Cash Flow	<b><u>137,430</u></b>

**Intercompany Summary (as at December 31, 2012):**

None noted

**Guarantee / Guarantor:**

RDDCLP, DCCLP, VGHL, and VGHL2 has guaranteed the \$40M Timbercreek loan facility provided to IGW REIT LP and provided security to support that guarantee.

**Company's reason for inclusion or exclusion to the CCAA filing:**

This entity has negative income and negative cash flow and thus insolvent to meet debt financing requirements. In addition, this entity guaranteed loans that IGW REIT LP borrowed which has now defaulted and thus this entity is unable to satisfy the terms as a guarantor.

<b>Entity Name:</b>	IGW REIT Limited Partnership ("IGW REIT LP")
<b>Business Activity:</b>	The business of the IGW REIT LP involves the acquisition, development and redevelopment, expansion, improvement, refurbishing, holding, and operating of mid-sized commercial, industrial and multi-family residential properties in Canada. The IGW REIT LP also provides financing to related real estate limited partnerships for the acquisition, development and redevelopment of commercial and residential properties in Canada. The address of the IGW REIT LP's registered office and principal place of business is 200 – 710 Redbrick Street, Victoria, British Columbia, Canada, V8T 5J3.
<b>Legal Entities:</b>	<p>IGW REIT</p> <p>IGW REIT Industrial GP Inc.</p> <p>IGW REIT General Partnership Inc.</p> <p>1349835 Alberta Ltd.</p> <p>IGW REIT Limited Partnership</p> <p>Londondale Shopping Centre General Partnership</p> <p>Londondale Shopping Centre Limited Partnership</p> <p>473 Albert Street Office General Partnership</p> <p>473 Albert Street Office Limited Partnership</p> <p>2164613 Ontario Inc.</p> <p>MPCP General Partnership Inc.</p> <p>MPCP Limited Partnership</p> <p>Arbutus Industrial Park Limited</p> <p>Durham Portfolio General Partnership</p> <p>Durham Portfolio Limited Partnership</p> <p>IGW Properties General Partnership Inc.</p> <p>IGW Properties Limited Partnership</p> <p>MS Properties General Partnership</p> <p>MS Properties Limited Partnership</p> <p>2148711 Ontario Inc.</p> <p>2164614 Ontario Inc.</p> <p>IGW Public General Partnership</p> <p>IGW Public Limited Partnership</p> <p>Partner's REIT</p> <p>LAPP Global Asset Management Corp</p> <p>League Debt Corp</p> <p>0812307 BC Ltd</p> <p>IGW Industrial Limited Partnership</p> <p>8252220 Canada Inc.</p> <p>FSJ Retail Limited Partnership</p> <p>Tyee Plaza Limited Partnership</p> <p>Colwood City Centre Limited Partnership</p>
<b>Ownership Summary:</b>	IGW REIT is owned nearly 100% by third party investors. This includes approximately 3500 investors over a series of available investment securities: convertible units, series LP units, secured debt, and convertible notes. League Asset Corporation is the beneficial owner of 10 units of IGW REIT. IGW REIT owns 75% of IGW REIT LP. IGW REIT LP is 25% owned by third party investors.
<b>Manager:</b>	League Asset Corporation

**Financial Highlights:**

<u>Balance Sheet</u>	<u>31-Dec-12</u>	<u>Income Statement</u>	<u>31-Dec-12</u>
<i>Assets</i>		Net revenue	29,900,015
Owned Real Estate Properties	152,009,819	Less: total expenses	(65,504,037)
Intergroup receivables	101,819,753	Net Income (Loss)	<b>(35,604,022)</b>
Partner's REIT Investment	24,564,064		
Other Assets	32,367,032		
	<u>310,760,668</u>		
<i>Liabilities</i>		<u>Cash flow statement (excerpt)</u>	
Mortgage Payable	104,891,602	Cash from operating activities	3,863,157
Loans Payable	25,342,843	Cash from financing activities	36,872,129
Intergroup payable	582,218	Cash from investing activities	(42,424,032)
Other liabilities	133,880,252	Net change in Cash Flow	<b>(1,688,746)</b>
Total Liabilities	<u>264,696,915</u>		
Equity / (Deficit)	<b><u>46,063,753</u></b>		

**Intercompany Summary (as at December 31, 2012):**

<i>Receivables</i>		<i>Payables</i>	
Colwood City Centre LP	72,288,394	IGW Mortgage Investment Corp	456,189
IGW Residential Capital LP	31,568,783	Tsawwassen Retail LP	126,029
Redux Duncan City Centre LP	20,025,301		
Fort St. John Retail LP	5,213,386		
North Vernon Properties LP	3,523,889		
Impairment Loss Provision	(30,800,000)		
	<u>101,819,753</u>		<u>582,218</u>

**Guarantee / Guarantor:**

The mortgages payable are secured by the income producing properties to which they relate. In addition, certain individual guarantees have been provided by the Directors of League Assets Corp.

**Company's reason for inclusion or exclusion to the CCAA filing:**

This entity has negative income and cash flow and is in default of several mortgages borrowed and defaulted as a guarantor on several related party mortgages, thus included in the CCAA filing.



**Entity Name:** Fort St. John Retail Limited Partnership ("FSJ LP")

**Business Activity:** FSJ LP was originally created to acquire a shopping centre development project in Fort St. John, BC. FSJ LP provided a loan to a third party to fund the subdivision of property however due to delays and failures of the third party, FSJ LP demanded repayment of the loan. Litigation between parties not expected to complete until early 2014, as such, the mortgage security cannot be realized.

**Legal Entities:** Fort St. John Retail Limited Partnership  
Fort St. John Retail General Partnership ("FSJ GP")  
IGW REIT Limited Partnership ("IGW REIT LP")  
League Asset Corporation ("LAC")

**Ownership Summary:** LAC owns 100% of FSJ GP  
FSJ GP owns 0.001% of FSJ LP  
LAC owns 0.06% of FSJ LP  
IGW REIT LP owns 2.0% of FSJ LP  
The remaining 97.94% of 3,001,709 outstanding shares is owned by 68 third party investors.

**Manager:** League Asset Corporation

<b>Financial Highlights:</b>			
<u>Balance Sheet</u>	<u>31-Dec-11</u>	<u>Income Statement</u>	<u>31-Dec-11</u>
<i>Assets</i>		Net revenue	686,499
Owned Real Estate Properties	-	Less: total expenses	(941,456)
Intergroup receivables	-	Net Income (Loss)	<u>(254,957)</u>
Other Assets	<u>6,496,661</u>		
	6,496,661		
<i>Liabilities</i>			
Mortgage Payable	881,049		
Loans Payable	-		
Intergroup payable	4,293,229	<u>Cash flow statement (excerpt)</u>	
Trade & Accrued Liabilities	<u>24,030</u>	Cash from operating activities	(1,029,876)
Total Liabilities	5,198,308	Cash from financing activities	(67,672)
		Cash from investing activities	<u>1,095,672</u>
Equity / (Deficit)	<u>1,298,353</u>	Net change in Cash Flow	<u>(1,876)</u>

**Intercompany Summary (as at December 31, 2011):**

IGW REIT LP 4,293,229

**Guarantee / Guarantor:**

None noted

**Company's reason for inclusion or exclusion to the CCAA filing:**

Once litigation is complete, FSJ LP intends to pursue a foreclosure process to either realize on proceeds from the sale of all of the lands or seek ownership of the property.

**Entity Name:** Gatineau Centre Development Limited Partnership ("GLP")

**Business Activity:** GLP is planning for the redevelopment and rezoning of the Tecumseh golf course lands in Gatineau Quebec (138 acres) to commercial/residential lands.

**Legal Entities:** Gatineau Centre Real Estate Corporation ("GREC")  
Gatineau Centre Development General Partnership ("GGP")  
Gatineau Centre Development Limited Partnership  
League Asset Limited Partnership ("LALP")

**Ownership Summary:** LALP owns 100% of GREC, GGP, GLP  
GGP owns 0.001% of GLP  
GLP has 5,622,400 LP units outstanding fully held by LALP

**Manager:** League Asset Corporation

<b>Financial Highlights:</b>			
<u>Balance Sheet</u>	<u>31-Dec-12</u>	<u>Income Statement</u>	<u>31-Dec-12</u>
<i>Assets</i>		Net revenue	-
Owned Real Estate Properties	9,535,221	Less: total expenses	(57,334)
Intergroup receivables	558,554	Net Income (Loss)	<u>(57,334)</u>
Other Assets	<u>36,380</u>		
	10,130,155		
<i>Liabilities</i>			
Mortgage Payable	4,500,000		
Loans Payable	-		
Intergroup payable	128,407	<u>Cash flow statement (excerpt)</u>	
Trade & Accrued Liabilities	<u>656,757</u>	Cash from operating activities	564,126
Total Liabilities	5,285,164	Cash from financing activities	4,472,178
		Cash from investing activities	(5,035,221)
Equity / (Deficit)	<u><b>4,844,991</b></u>	Net change in Cash Flow	<u><b>1,083</b></u>

**Intercompany Summary (as at December 31, 2012):**

League Asset Corp	558,554
IGW REIT	<u>(128,407)</u>
Intergroup (payable) receivable	<u>430,147</u>

**Guarantee / Guarantor:**

None noted

**Company's reason for inclusion or exclusion to the CCAA filing:**

This entity has no revenue and negative income with a weak cash flow. It relies on loans from IGW REIT LP and League Asset Corp which is now insolvent thus forcing inclusion of this entity.

**Entity Name:** Jesken Investment Limited Partnership ("JILP")

**Business Activity:** JILP currently has a leasehold interest in land located at Highway 17 and Jesken Road, Saanichton, BC. No further information is available.

**Legal Entities:** Jesken Investment Limited Partnership  
Jesken Investment General Partnership ("JIGP")  
Jesken Development General Partnership ("JDGP")  
Jesken Development Limited Partnership ("JDLP")  
League Asset Limited Partnership ("LALP")

**Ownership Summary:** LALP owns 100% of JIGP  
JIGP owns 0.001% of JILP  
No information available on the 99.999% units outstanding held by third party investors of JILP  
JILP owns 100% of JDGP  
JDLP is owned by:  
JILP 60%  
Individual Tsawout Band Members 40%  
JDGP 0.001%

**Manager:** League Asset Corporation

**Financial Highlights:**

<u>Balance Sheet</u>	<u>16-Oct-13</u>	<u>Income Statement</u>	<u>16-Oct-13</u>
<i>Assets</i>		Net revenue	1,599
Owned Real Estate Properties	1,114,227	Less: total expenses	(433)
Intergroup receivables	-	Net Income (Loss)	<u>1,166</u>
Other Assets	<u>27,029</u>		
	1,141,256		
<i>Liabilities</i>			
Mortgage Payable	794,106		
Loans Payable	-		
Intergroup payable	23,669	<u>Cash flow statement (excerpt)</u>	
Trade & Accrued Liabilities	<u>322,316</u>	Not available, these figures based on Oct. 16,	
Total Liabilities	1,140,090	2013 Trial Balance, no financial statements were	
		available	
Equity / (Deficit)	<u>1,166</u>		

**Intercompany Summary (as at October 16, 2013):**

Not enough information

**Guarantee / Guarantor:**

None noted

**Company's reason for inclusion or exclusion to the CCAA filing:**

This entity's mortgage is guaranteed by League Asset Limited Partnership which is now insolvent thus forcing inclusion.

**Entity Name:** Tsawwassen Retail Power Centre Limited Partnership ("TRPCLP")

**Business Activity:** TRPCLP is a party to a joint venture that is near execution of a 99 year land lease from the Tsawwassen First Nation for the development of a 570,000 sq. ft. retail power center called Tsawwassen Commons.

**Legal Entities:** Tsawwassen Retail Power Centre General Partnership ("TRPCGP")  
Tsawwassen Retail Power Centre Limited Partnership  
League Asset Limited Partnership ("LALP")

**Ownership Summary:** LALP owns 100% of TRPCGP  
TRPCGP owns 0.001% of TRPCLP  
TRPCLP has 38,000 Class A units and 20,000 Class P outstanding  
Class A held by third party investor  
Class P appears to be held by TRPCGP

**Manager:** League Asset Corporation

<b>Financial Highlights:</b>			
<u>Balance Sheet</u>	<u>31-Dec-12</u>	<u>Income Statement</u>	<u>31-Dec-12</u>
<i>Assets</i>		Net revenue	43,993
Pre-acquisition costs	780,640	Less: total expenses	(98,306)
Intergroup receivables	125,834	Net Income (Loss)	<u>(54,313)</u>
Other Assets	<u>34,216</u>		
	940,690		
<i>Liabilities</i>			
Mortgage Payable	-		
Loans Payable	-		
Intergroup payable	81,552	<u>Cash flow statement (excerpt)</u>	
Trade & Accrued Liabilities	<u>166,407</u>	Cash from operating activities	(45,029)
Total Liabilities	247,959	Cash from financing activities	(334,911)
		Cash from investing activities	<u>277,572</u>
Equity / (Deficit)	<u>692,731</u>	Net change in Cash Flow	<u>(102,368)</u>

**Intercompany Summary (as at December 31, 2012):**

League Asset Corp - Payable	(81,552)
IGW REIT Receivable	125,834
Intergroup (payable) receivable	<u>44,282</u>

**Guarantee / Guarantor:**

None noted

**Company's reason for inclusion or exclusion to the CCAA filing:**

This entity has negative income and negative cash flow and thus insolvent to meet debt financing requirements.

**Entity Name:** IGW Diversified Redevelopment Fund Limited Partnership ("DRFLP")

**Business Activity:** DRFLP redeveloped and owns an income producing industrial property located 50-52 Arrow Road, Toronto, Ontario.

DRFLP has placed a deposit on the purchase of Victoria Plaza Hotel located at 603 Pandora Avenue which was expected to close July 31, 2013. However, due to the existence of an undisclosed gas line, DRFLP is unable to build on the lot and therefore terminated the agreement. \$59K has been paid to City of Victoria and \$680K remains in the Vendor's trust account as the Vendor has refused to return these funds.

**Legal Entities:** IGW Diversified Redevelopment Fund General Partnership ("DRFGP")  
IGW Diversified Redevelopment Fund Limited Partnership  
League Asset Limited Partnership ("LALP")  
0908150 BC Inc.  
2291088 Ontario Inc.

**Ownership Summary:** LALP owns 100% of DRFGP  
LALP owns 99.999% of DRFLP  
DRFLP is the sole shareholder of 2291088 Ontario Ltd.  
DRFLP is the sole shareholder of 0908150 BC Ltd.  
DRFLP has 1,766,000 Class A, P, SP units inclusive outstanding  
LALP owns 1 Preferred Share (100%), no other information known

**Manager:** League Asset Corporation

<b>Financial Highlights:</b>			
<u>Balance Sheet</u>	<u>31-Dec-12</u>	<u>Income Statement</u>	<u>31-Dec-12</u>
<i>Assets</i>		Net revenue	14,250
Owned Real Estate Property	5,070,877	Less: total expenses	(423,081)
Intergroup receivables	275,000	Net Income (Loss)	<b>(408,831)</b>
Other Assets	118,250		
	<u>5,464,127</u>		
<i>Liabilities</i>			
Mortgage Payable	2,586,990		
Loans Payable	-		
Intergroup payable	1,679,701	<u>Cash flow statement (excerpt)</u>	
Trade & Accrued Liabilities	456,172	Cash from operating activities	(44,357)
Total Liabilities	<u>4,722,863</u>	Cash from financing activities	1,297,270
		Cash from investing activities	(974,633)
Equity / (Deficit)	<b><u>741,264</u></b>	Net change in Cash Flow	<b><u>278,280</u></b>

**Intercompany Summary (as at December 31, 2012):**

Place Trans Canadienne LP	275,000
IGW REIT LP	(1,553,312)
League capital partners	(126,389)
Net Intergroup balance	<b><u>(1,404,701)</u></b>

**Guarantee / Guarantor:**  
None noted

**Company's reason for inclusion or exclusion to the CCAA filing:**

This entity has negative income and suggests insolvency due to inability to meet debt financing requirements. In addition, the guarantor of this entity's mortgage is League Asset Corp which is now insolvent.

**Entity Name:** Stoney Range Industrial Limited Partnership ("SRLP")

**Business Activity:** SRLP currently owns an income producing 35.78 acre industrial zoned site in the Wagon Wheel Industrial Park in Alberta, BC. The property included two metal clad buildings totaling 65,000 square feet completed in 2006. The property is 100% leased.

**Legal Entities:** Stoney Range Industrial General Partnership ("SRGP")  
Stoney Range Industrial Limited Partnership  
League Asset Limited Partnership ("LALP")

**Ownership Summary:** LALP owns 100% of SRGP  
SRLP has outstanding, without further details, the following:  
1,968,715 Class A units to 56 third party investors  
2,272,796 Class P units to 62 third party investors  
\$433,377 in secured notes to 14 third party investors

**Manager:** League Asset Corporation

<b>Financial Highlights:</b>			
<u>Balance Sheet</u>	<u>30-Sep-13</u>	<u>Income Statement</u>	<u>30-Sep-13</u>
<i>Assets</i>		Net revenue	495,734
Owned Real Estate Property	11,070,180	Less: total expenses	(758,246)
Intergroup receivables	-	Net Income (Loss)	<u>(262,512)</u>
Other Assets	<u>126,520</u>		
	11,196,700		
<i>Liabilities</i>			
Mortgage Payable	6,678,711		
Loans Payable	433,377		
Intergroup payable	-	<u>Cash flow statement (excerpt)</u>	
Trade & Accrued Liabilities	<u>541,394</u>	Cash from operating activities	n/a
Total Liabilities	7,653,482	Cash from financing activities	n/a
		Cash from investing activities	n/a
Equity / (Deficit)	<u>3,543,218</u>	Net change in Cash Flow	<u>-</u>

**Intercompany Summary (as at September 30, 2013):**

None noted

**Guarantee / Guarantor:**

None noted

**Company's reason for inclusion or exclusion to the CCAA filing:**

This entity has negative income and suggests insolvency due to inability to meet debt financing requirements.

**Entity Name:** Residences at Quadra Village Limited Partnership ("QVLP")

**Business Activity:** QVLP currently owns an income producing property called Quadra Villa, 28-35-2855 Quadra Street, Victoria, BC.

**Legal Entities:** Residences at Quadra Village General Partnership ("QVGP")  
Residences at Quadra Village Limited Partnership  
0891146 BC Ltd. (Bare Trust)  
League Asset Limited Partnership ("LALP")

**Ownership Summary:** LALP owns 100% of QVGP  
QVLP is the sole shareholder of 0895251 BC Ltd.  
QVLP has 3,122,500 outstanding Class A LP units and 624,000 Class P  
60,146 Class A units held by 0908283 BC Ltd  
60,147 Class A units held by You to Me Holdings Inc.  
Remaining Class A LP units held by 54 third party investors  
Class P units held by 14 third party investors

**Manager:** League Asset Corporation

<b>Financial Highlights:</b>			
<u>Balance Sheet</u>	<u>31-Dec-12</u>	<u>Income Statement</u>	<u>31-Dec-12</u>
<i>Assets</i>		Net revenue	284,329
Owned Real Estate Property	9,536,154	Less: total expenses	(572,870)
Intergroup receivables	24,125	Net Income (Loss)	<u>(288,541)</u>
Other Assets	<u>56,972</u>		
	9,617,251		
<i>Liabilities</i>			
Mortgage Payable	5,931,844		
Loans Payable	-		
Intergroup payable	506,164	<u>Cash flow statement (excerpt)</u>	
Trade & Accrued Liabilities	<u>536,990</u>	Cash from operating activities	2,263,594
Total Liabilities	6,974,998	Cash from financing activities	-
		Cash from investing activities	(3,915,578)
Equity / (Deficit)	<u>2,642,253</u>	Net change in Cash Flow	<u>(1,651,984)</u>

**Intercompany Summary (as at December 31, 2012):**

League Asset Corp - Payable	(506,164)
IGW REIT Receivable	24,125
Intergroup (payable) receivable	<u>(482,039)</u>

**Guarantee / Guarantor:**

None noted

**Company's reason for inclusion or exclusion to the CCAA filing:**

This entity has negative income and negative cash flow and thus insolvent to meet debt financing requirements.

**Entity Name:** Cowichan District Financial Centre Limited Partnership ("CDFC LP")

**Business Activity:** CDFC LP currently owns an income producing office property in the Quamichan District, Plan 25672 in Duncan, BC.

**Legal Entities:** Cowichan District Financial Centre General Partnership ("CDFC GP")  
Cowichan District Financial Centre Limited Partnership  
0891146 BC Ltd. (Bare Trust)  
League Asset Limited Partnership ("LALP")

**Ownership Summary:** LALP owns 100% of CDFC GP  
CDFC LP has 2,093,500 outstanding LP Units  
Held by 32 third party investors (no further information known)  
CDFC LP is the sole shareholder of 0891146 BC Ltd.

**Manager:** League Asset Corporation

<b>Financial Highlights:</b>			
<u>Balance Sheet</u>	<u>31-Dec-12</u>	<u>Income Statement</u>	<u>31-Dec-12</u>
<i>Assets</i>		Net revenue	172,656
Owned Real Estate Property	6,235,921	Less: total expenses	(536,470)
Intergroup receivables	-	Net Income (Loss)	<b>(363,814)</b>
Other Assets	<u>908,829</u>		
	7,144,750		
<i>Liabilities</i>			
Mortgage Payable	4,188,423		
Loans Payable	-		
Intergroup payable	214,435	<u>Cash flow statement (excerpt)</u>	
Trade & Accrued Liabilities	<u>1,494,376</u>	Cash from operating activities	(34,003)
Total Liabilities	5,897,234	Cash from financing activities	3,270,770
		Cash from investing activities	(3,301,228)
Equity / (Deficit)	<b><u>1,247,516</u></b>	Net change in Cash Flow	<b>(64,461)</b>

**Intercompany Summary (as at December 31, 2012):**

Intergroup Payables		
League Asset Corp	85,331	
Undisclosed	<u>129,104</u>	Not listed in annual financial statements
	<b><u>214,435</u></b>	

**Guarantee / Guarantor:**

None noted

**Company's reason for inclusion or exclusion to the CCAA filing:**

This entity has negative income and negative cash flow and thus insolvent to meet debt financing requirements.



**Entity Name:** IGW Residential Capital Limited Partnership ("RCLP")

**Business Activity:** RCLP currently owns an income producing property called Rosewood Apartments, 468-472 Ottawa Street North, Hamilton, Ontario and Sundel Square shopping centre, 20204- 20218 Fraser Highway, Langley, BC.

**Legal Entities:** IGW Residential Capital General Partnership Inc. ("RCGP")  
 IGW Residential Capital Limited Partnership  
 Sundel Square Limited  
 2128273 Ontario Inc. (Rosewood)  
 2146431 Ontario Inc.

**Ownership Summary:** RCGP is owned 50/50 by Adam Gant and Emanuel Arruda  
 RCGP owns 0.001% of RCLP  
 RCLP has 2,609,390 outstanding Class A LP Units  
 Held by third party investors (no further information known)  
 RCLP owns 100% of Sundel Square Ltd including 100 common share  
 RCLP owns 100% of 2128273 and 2146431 Ontario Inc.

**Manager:** League Asset Corporation

<b>Financial Highlights:</b>			
<u>Balance Sheet</u>	<u>31-Dec-12</u>	<u>Income Statement</u>	<u>31-Dec-12</u>
<i>Assets</i>		Net revenue	3,630,190
Owned Real Estate Property	31,431,001	Less: total expenses	(15,892,031)
Intergroup receivables	-	Net Income (Loss)	<u>(12,261,841)</u>
Other Assets	<u>1,403,483</u>		
	32,834,484		
<i>Liabilities</i>			
Mortgage Payable	19,573,224		
Loans Payable	-		
Intergroup payable	36,919,721	<u>Cash flow statement (excerpt)</u>	
Trade & Accrued Liabilities	<u>1,369,483</u>	Cash from operating activities	(5,410,785)
Total Liabilities	57,862,428	Cash from financing activities	3,792,257
		Cash from investing activities	<u>1,276,790</u>
Equity / (Deficit)	<u>(25,027,944)</u>	Net change in Cash Flow	<u>(341,738)</u>

**Intercompany Summary (as at December 31, 2012):**

IGW REIT LP	<u>36,919,721</u>
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**Guarantee / Guarantor:**

Guarantee on loan from Firm Capital Corporation to 2128273 ONTARIO INC., 725855 B.C. LTD. AND 2148711 ONTARIO INC., (IGW REIT) exposure of \$6,000,000.

**Company's reason for inclusion or exclusion to the CCAA filing:**

This entity has negative income and negative cash flow and thus insolvent to meet debt financing requirements. In addition, IGW REIT LP guaranteed the mortgage and is now insolvent.

**Entity Name:** Tyee Plaza Limited Partnership ("TyeeLP")

**Business Activity:** TyeeLP involves a development of a retail shopping complex in Campbell River, BC and is comprised of several parcels of land.

**Legal Entities:** Tyee Plaza General Partnership ("TyeeGP")  
Tyee Plaza Limited Partnership  
League Asset Corp ("LAC")  
IGW REIT LP

**Ownership Summary:** LAC owns 100% of TyeeGP  
TyeeGP owns 0.001% of TyeeLP  
IGW REIT LP owns 99.999% of TyeeLP through all 3,000,000 LP units

**Manager:** League Asset Corporation

<b>Financial Highlights:</b>		Only FS 2010 on record	
<u>Balance Sheet</u>	<u>31-Dec-10</u>	<u>Income Statement</u>	<u>31-Dec-10</u>
<i>Assets</i>		Net revenue	2,097,735
Owned Real Estate Properties	17,986,822	Less: total expenses	(3,804,271)
Intergroup receivables	-	Net Income (Loss)	<u>(1,706,536)</u>
Other Assets	<u>1,888,979</u>		
	19,875,801		
<i>Liabilities</i>			
Mortgage Payable	14,186,817		
Loans Payable	-		
Intergroup payable	6,592,047	<u>Cash flow statement (excerpt)</u>	
Trade & Accrued Liabilities	<u>1,021,149</u>	Cash from operating activities	(922,201)
Total Liabilities	21,800,013	Cash from financing activities	976,052
		Cash from investing activities	<u>(117,747)</u>
Equity / (Deficit)	<u>(1,924,212)</u>	Net change in Cash Flow	<u>(63,896)</u>

**Intercompany Summary (as at December 31, 2010):**

League Asset Corp	(87,817)
IGW REIT	<u>(6,504,230)</u>
Intergroup (payable) receivable	<u>(6,592,047)</u>

**Guarantee / Guarantor:**

TyeeLP has guaranteed the \$40M Timbercreek loan facility provided to IGW REIT LP and provided security to support that guarantee.

**Company's reason for inclusion or exclusion to the CCAA filing:**

This entity has negative income and negative cash flow and thus insolvent to meet debt financing requirements. In addition, this entity guaranteed loans that IGW REIT LP borrowed which has now defaulted and thus this entity is unable to satisfy the terms as a guarantor.

**Entity Name:** North Vernon Properties Limited Partnership ("NVLP")

**Business Activity:** NVLP currently owns an income producing property called Anderson Crossing, 5601 Anderson Way, Vernon, BC.

**Legal Entities:** North Vernon Properties Inc. ("NVPI") - is the general partner  
North Vernon Properties Limited Partnership

**Ownership Summary:** NVPI is owned 50/50 by Adam Gant and Emanuel Arruda  
NVPI owns 0.001% of NVLP  
NVLP has issued 3,117,821 LP units to 29 investors  
1 - IGW REIT Limited Partnership holds 1 of 3,117,821 LP Units  
28 - Third party investors

**Manager:** League Asset Corporation

<b>Financial Highlights:</b>			
<u>Balance Sheet</u>	<u>31-Dec-12</u>	<u>Income Statement</u>	<u>31-Dec-12</u>
<i>Assets</i>		Net revenue	940,666
Owned Real Estate Property	13,504,009	Less: total expenses	(1,513,115)
Intergroup receivables	-	Net Income (Loss)	<b>(572,449)</b>
Other Assets	<u>2,063,298</u>		
	15,567,307		
<i>Liabilities</i>			
Mortgage Payable	10,551,214		
Loans Payable	-		
Intergroup payable	3,603,289	<u>Cash flow statement (excerpt)</u>	
Trade & Accrued Liabilities	<u>339,246</u>	Cash from operating activities	(153,934)
Total Liabilities	14,493,749	Cash from financing activities	1,426,234
		Cash from investing activities	(1,328,896)
Equity / (Deficit)	<b><u>1,073,558</u></b>	Net change in Cash Flow	<b>(56,596)</b>

**Intercompany Summary (as at December 31, 2012):**

Intergroup Payable	
League Asset Corp	79,401
IGW REIT LP	<u>3,523,888</u>
	<b><u>3,603,289</u></b>

**Guarantee / Guarantor:**

NVLP has guaranteed the \$40M Timbercreek loan facility provided to IGW REIT LP and provided security to support that guarantee.

**Company's reason for inclusion or exclusion to the CCAA filing:**

This entity has negative income and negative cash flow and thus insolvent to meet debt financing requirements. In addition, this entity guaranteed loans that IGW REIT LP borrowed which has now defaulted and thus this entity is unable to satisfy the terms as a guarantor.

**Entity Name:** Zeus Energy Limited ("Zeus")

**Business Activity:** Zeus was created for transactions that did not occur and accordingly does not have any assets or liabilities.

**Legal Entities:** Zeus Energy Limited

**Ownership Summary:** League Asset Corporation owns 100% through 1 Class A w/o par value share of Zeus

**Manager:** None

**Financial Highlights:**

None

**Intercompany Summary:**

Not applicable

**Guarantee / Guarantor:**

Not applicable

**Company's reason for inclusion or exclusion to the CCAA filing:**

This entity may be required for a plan of arrangement.

However, this entity is not an active business, has no liabilities or assets, thus inclusion is not required.

**Entity Name:** IGW Cash Management Fund Limited ("IGW CMF LP")

**Business Activity:** IGW CMF LP was created for transactions that did not occur and accordingly does not have any assets or liabilities.

**Legal Entities:** IGW Cash Management Fund Limited

**Ownership Summary:** League Asset Corporation owns 100% of IGW CMF LP

**Manager:** None

**Financial Highlights:**

None

**Intercompany Summary:**

Not applicable

**Guarantee / Guarantor:**

Not applicable

**Company's reason for inclusion or exclusion to the CCAA filing:**

This entity may be required for a plan of arrangement.

However, this entity is not an active business, has no liabilities or assets, thus inclusion is not required.

**Entity Name:** League Realty Advisors Limited ("LRAL")  
League Realty Services Limited ("LRS")

**Business Activity:** LARL and LRS was created with to provide acquisition-related advisory services to third party project development companies. These transactions did not occur and accordingly neither LRAL or LRS have any assets or liabilities.

**Legal Entities:** League Realty Advisors Limited  
League Realty Services Limited

**Ownership Summary:** League Asset Corporation owns 100% through 1 Class A w/o par value share of LRAL and 100% through 100 common shares of

**Manager:** None

**Financial Highlights:**

None

**Intercompany Summary:**

Not applicable

**Guarantee / Guarantor:**

Not applicable

**Company's reason for inclusion or exclusion to the CCAA filing:**

This entity may be required for a plan of arrangement.

However, this entity is not an active business, has no liabilities or assets, thus inclusion is not required.

**Entity Name:** Cygnet Properties General Partnership Inc. ("Cygnet")

**Business Activity:** Cygnet owned a residential building through it's subsidiary Cygnet Apartments Limited Partnership. The building was sold in January 2012 and the LP was dissolved on December 13, 2012. Cygnet continues to hold debt in respect of loans provided by other members of the League Group.

**Legal Entities:** Cygnet Properties General Partnership Inc.  
Cygnet Apartments General Partnership Inc.

**Ownership Summary:** Cygnet is owned 50/50 by Adam Gant and Emanuel Arruda

**Manager:** None

**Financial Highlights:**

None

**Intercompany Summary:**

Not applicable

**Guarantee / Guarantor:**

Not applicable

**Company's reason for inclusion or exclusion to the CCAA filing:**

Cygnet will likely remain relevant to a restructuring plan due to the loans still outstanding.

**Entity Name:** IGW Mortgage Investment Corporation ("IGW MIC")

**Business Activity:** IGW MIC was established to hold a number of single-family residential mortgages.

**Legal Entities:** IGW Mortgage Investment Corporation

**Ownership Summary:** League Asset Corporation owns 83.33% of IGW MIC  
No further information is available

**Manager:** None

**Financial Highlights:**

No financial statements available

IGWMIC holds the following registered charges:

Property	Against	Charge No.
PID:017-725-011	Christopher Terrasi	CA2123312 Mortgage
PID:000-283-134	York Charles Dennis	CA1729619 Mortgage
PID:006-013-384	Sharon Frances Hall	CA1849138 Mortgage
PID:000-826-553		

**Intercompany Summary:**

Not applicable

**Guarantee / Guarantor:**

Not applicable

**Company's reason for inclusion or exclusion to the CCAA filing:**

This entity may be required for a plan of arrangement.



**Entity Name:** League Acquisition Corp ("LACC")

**Business Activity:** LACC was created for transactions that did not occur or was associated with projects that were sold and accordingly does not have any assets or liabilities.

**Legal Entities:** League Acquisition Corporation

**Ownership Summary:** League Asset Corporation owns 100% through 1 common share of LACC

**Manager:** None

**Financial Highlights:**

None

**Intercompany Summary:**

Not applicable

**Guarantee / Guarantor:**

Not applicable

**Company's reason for inclusion or exclusion to the CCAA filing:**

This entity may be required for a plan of arrangement.

However, this entity is not an active business, has no liabilities or assets, thus inclusion is not required.

**Entity Name:** IGW Energy Capital Limited Partnership ("ECLP")

**Business Activity:** Neither entities of ECLP or ECGP have assets or obligations, no further information is known about this entity.

**Legal Entities:** IGW Energy Capital Limited Partnership  
IGW Energy Capital General Partnership ("ECGP")

**Ownership Summary:** League Asset Corporation owns 100% through 1 common share of ECGP.  
ECGP owns 0.001% of ECLP  
ECLP is nearly 100% owned by third party investors, however, no further information is known about this arrangement.

**Manager:** None

**Financial Highlights:**

None

**Intercompany Summary:**

Not applicable

**Guarantee / Guarantor:**

Not applicable

**Company's reason for inclusion or exclusion to the CCAA filing:**

This entity may be required for a plan of arrangement.

However, this entity is not an active business, has no liabilities or assets, thus inclusion is not required.

**Entity Name:** 7667906 Canada Inc.  
League Capital Partners Ltd.  
League Founding LP Ltd.  
League Assets International Inc.

**Business Activity:** The above entities were created for transactions that did not occur or was associated with projects that were sold and accordingly does not have any assets or liabilities.

An exception, relates to League Capital Partners which has a \$2.795M vendor take back mortgage related to the 50-52 Arrow Road, Toronto, ON property which League Asset Corp has

**Legal Entities:** League Assets Limited Partnership ("LALP")  
7667906 Canada Inc.  
League Capital Partners Ltd. ("LCPL")  
League Founding LP Ltd. ("LFLP")  
League Assets International Inc. ("LAI")

**Ownership Summary:** LALP owns 1 common share representing 100% control of 7667906 Canada Inc.  
LALP owns 1 common share representing 100% control of LFLP  
LALP owns 100% control of LAI  
LALP owns 100% of LCPL through 1 Class A w/o par value share

**Manager:** None

**Financial Highlights:**

None

**Intercompany Summary:**

Not applicable

**Guarantee / Guarantor:**

None noted

**Company's reason for inclusion or exclusion to the CCAA filing:**

This entity may be required for a plan of arrangement.

However, this entity is not an active business, has no liabilities or assets, thus inclusion is not required.

**Entity Name:** 0895249 BC Ltd.

**Business Activity:** This entity was originally created for a transaction that did not proceed. However, in early 2013 it purchased a first mortgage over the Esquimalt District Strata Plan together with an interest in the common property in proportion to the unit entitlement of the strata lot legally owned by 0830123 B.C. Ltd., and which were to be part of the Nobhill Development. In order to finance this purchase, 8095249 B.C. Ltd. granted a mortgage of mortgage to the vendor, 360305 British Columbia Ltd. 0895249 B.C. Ltd.'s sole source of revenue to pay its obligations is from mortgage payments by 0830123 B.C. Ltd., which have ceased, or from Colwood City Centre LP ("CCC LP") which has been making the required mortgage or mortgage payments since 0830123 B.C. Ltd.'s default.

0895249 BC Ltd was formerly called 760 QUeens Housing GP which was the general partner of the LP dissolved on January 8,

**Legal Entities:** 0895249 BC Ltd.  
0830123 BC Ltd. (Default)  
League Assets Limited Partnership ("LALP")

**Ownership Summary:** LALP owns 1 common share representing 100% control of 0895249 BC Ltd.  
0830123 BC Ltd is owned 100% by CCC LP

**Manager:** None

**Financial Highlights:**

None

**Intercompany Summary:**

Not applicable

**Guarantee / Guarantor:**

None noted

**Company's reason for inclusion or exclusion to the CCAA filing:**

This entity may be required for a plan of arrangement.  
However, this entity is not an active business, has no liabilities or assets, thus inclusion is not required.

**Entity Name:** Partners Equity Finance Inc.  
formerly League Family Equity Fund Inc.

**Business Activity:** No information is available.

There is a charge CA 3183184 Mortgage in Victoria District, Plan 807-A owned by William Alexander Ritchie and Katja Joanna Ritchie as joint tenants. This charge is registered in the former name of the company.

**Legal Entities:** Partners Equity Finance Inc.

**Ownership Summary:** League Asset LP owns 100% through 1 Class A w/o par value share of Partners Equity Finance Inc.

**Manager:** None

**Financial Highlights:**

None

**Intercompany Summary:**

Not applicable

**Guarantee / Guarantor:**

Not applicable

**Company's reason for inclusion or exclusion to the CCAA filing:**

This entity may be required for a plan of arrangement.

However, this entity is not an active business, has no liabilities or assets, thus inclusion is not required.

## **APPENDIX D**

### **Non-Filed Entity Summaries**

**Entity Name:** Harris Fraser Group Limited ("HFGL")

**Business Activity:** HFGL is a wealth management company based in Hong Kong and provides insurance advisory and investment advisory services.

LALP purchased this group for a total of \$6.2M. Approximately \$2.9M has yet to be paid and will be evaluated during the CCAA

**Legal Entities:** Harris Fraser Group Limited  
Harris Fraser Singapore PTE Ltd (Sing)  
Harris Fraser Corporate Services Ltd (HK)  
Capital One Trust Ltd (NZ)  
Harris Fraser (Australia) Pty Ltd.  
HF Partners Ltd (HK)  
HR Partners Ltd (Taiwan)  
Harris Fraser (International) Ltd (HK)  
Jamison Services Ltd (HK)  
Harris Fraser (Asia) Ltd (BVI)  
League Assets Limited Partnership ("LALP")

**Ownership Summary:** LAC owns 100% of HFGL

**Manager:** Not known

<b>Financial Highlights:</b>	HKD Converted to CAD per Bank of Canada		0.130832
<u>Balance Sheet</u>	<u>31-Mar-13</u>	<u>Income Statement</u>	<u>31-Mar-13</u>
<i>Assets</i>		Net revenue	3,033,805
Property plant equipment	84,068	Less: total expenses	(2,009,801)
Intergroup receivables	311,224	Net Income (Loss)	<u>1,024,004</u>
Other Assets	<u>7,321,895</u>		
	7,717,186		
<i>Liabilities</i>			
Mortgage Payable	-		
Loans Payable	-		
Intergroup payable	-	<u>Cash flow statement (excerpt)</u>	
Trade & Accrued Liabilities	<u>3,684,235</u>	Cash from operating activities	180,992
Total Liabilities	3,684,235	Cash from financing activities	(12,594)
		Cash from investing activities	(20,958)
Equity / (Deficit)	<u>4,032,951</u>	Net change in Cash Flow	<u>147,440</u>

**Intercompany Summary (as at March 31, 2013):**

<i>Receivables</i>		
Director	230,922	No further details are known aside from the breakdown.
Related Company	12	
Director of Subsidiary	<u>80,290</u>	
	<u>311,224</u>	

**Guarantee / Guarantor:**

None noted

**Company's reason for inclusion or exclusion to the CCAA filing:**

This entity was excluded due to having a going concern business with a positive cash flow (thus not insolvent), has no warrantees or guarantees provided to security holders by an insolvent entity.

**Entity Name:** League Capital Markets Ltd. ("LCM")

**Business Activity:** LCM owns Catalyst Investment Corp, a wealth management holding company that owns the Monarch companies based in Toronto. Monarch is an exempt market dealer and sells mutual funds, insurance products and GICs. Monarch is now able to sell League investments and is expected to be a source of capital for the League Group.

**Legal Entities:** League Capital Markets Ltd.  
Catalyst Investment Corp ("CIC")  
Monarch Wealth Corporation ("MWC")  
Monarch Wealth Deposit Group Inc. ("MWDG")  
Monarch Wealth Assurance Agencies ("MWAA")  
League Asset Limited Partnership ("LALP")

**Ownership Summary:** LALP owns 100% of LCM  
LCM wholly owns CIC and MWC which indirectly wholly owns MWDG and MWAA.

**Manager:** None

<b>Financial Highlights:</b>			
<u>Balance Sheet</u>	<u>31-Dec-12</u>	<u>Income Statement</u>	<u>31-Dec-12</u>
<i>Assets</i>		Net revenue	519,527
Owned Real Estate Assets	-	Less: total expenses	(648,762)
Intergroup receivables	-	Net Income (Loss)	<u>(129,235)</u>
Other Assets	<u>2,256,365</u>		
	2,256,365		
<i>Liabilities</i>			
Mortgage Payable	-		
Loans Payable	1,169,035	<u>Cash flow statement (excerpt)</u>	
Intergroup payable	912,357	Cash from operating activities	(1,828,184)
Trade & Accrued Liabilities	<u>304,207</u>	Cash from financing activities	2,081,392
Total Liabilities	2,385,599	Cash from investing activities	(31,701)
Equity / (Deficit)	<u>(129,234)</u>	Net change in Cash Flow	<u>221,507</u>

**Intercompany Summary (as at December 31, 2012):**

League Opportunity Fund	667,357	
Other related party	<u>245,000</u>	Not enough details
Intergroup (payable) receivable	<u>912,357</u>	To fund the CIC investment

**Guarantee / Guarantor:**

None noted

**Company's reason for inclusion or exclusion to the CCAA filing:**

Monarch is an independent self sufficient entity, however, as the CCAA filing occurred in the middle of closing the transaction it would be disadvantageous to terminate this agreement due to vendor take back clause which would require monthly demand repayments that LALP cannot reimburse.



**Entity Name:** Place Trans Canadienne Limited Partnership ("PlaceLP")

**Business Activity:** PlaceLP intends to redevelop two industrial buildings, with approx 242,402 square feet of leasable area, to take advantage of the emerging retail concentration in the area. This project is over 95% completed including the lease up of all but 3 remaining spaces. PlaceLP has entered into a joint venture with Comdev Immobilia Inc. ("SG-Co") to develop.

**Legal Entities:** Place Trans Canadienne Limited Partnership  
Place Trans Canadienne General Partnership ("PlaceGP")

**Ownership Summary:** LAC owns 100% of PlaceGP  
PlaceGP owns 0.001% of PlaceLP  
PlaceLP is owned by nearly 99.99% of third party investors, no further information available.  
League has NO beneficial ownership of PlaceLP, distributions to PlaceGP are limited to very small token amount, and there is NO cross guarantee for the debt.

**Manager:** League Asset Corporation

<b>Financial Highlights:</b>			
<u>Balance Sheet</u>	<u>31-Dec-11</u>	<u>Income Statement</u>	<u>31-Dec-11</u>
<i>Assets</i>		Net revenue	55,879
Investment in SG-Co	2,777,059	Less: total expenses	(187,230)
Intergroup receivables	758,146	Net Income (Loss)	<u>(131,351)</u>
Other Assets	29,541		
	<u>3,564,746</u>		
<i>Liabilities</i>			
Mortgage Payable	-		
Loans Payable	1,466,342		
Intergroup payable	-	<u>Cash flow statement (excerpt)</u>	
Trade & Accrued Liabilities	60,104	Cash from operating activities	(124,069)
Total Liabilities	<u>1,526,446</u>	Cash from financing activities	(650,000)
Equity / (Deficit)	<u>2,038,300</u>	Cash from investing activities	797,431
		Net change in Cash Flow	<u>23,362</u>

**Intercompany Summary (as at December 31, 2011):**

<i>Receivables</i>	
IGW REIT LP	748,260
League Assets Corp	9,886
	<u>758,146</u>

**Guarantee / Guarantor:**

None noted

**Company's reason for inclusion or exclusion to the CCAA filing:**

This entity was excluded due to having no warranties or guarantees provided to security holders by an insolvent entity and has a capital structure independent of entities under CCAA. This is a typical real estate structure where external arms-length third parties have all economic benefits.

**Entity Name:** Eagle Landing Retail Limited Partnership ("ELRLP")

**Business Activity:** ELRLP includes the acquisition of a 25% interest of one or more 99 year land leases from Squiala First Nation ("SFN"); and the development, construction, and operating of a multi-use retail centre comprising approximately 700,000 square feet in Chilliwack, British Columbia.

**Legal Entities:** Eagle Landing Retail General Partnership ("ELRGP")  
Eagle Landing Retail Limited Partnership  
Eagle Landing Development Limited Partnership ("ELDLP")  
Eagle Landing Development General Partnership ("ELDGP")

**Ownership Summary:** LAC owns 100% of ELRGP  
ELRGP owns 0.001% of ELRLP  
ELRLP is owned 99.99% by third party investors as follows:  
Eagle Landing Capital Inc - Bonds - 110 investors 2,414,800  
Eagle Landing Class B Bonds - 109 119,490  
Eagle Landing Retail Class A Units - 421 8,927,648  
Eagle Landing Retail Preferred Units - 6 538,500  
ELDLP is owned 50% by SFN and 25% joint ventured with ELRLP  
ELDGP is owned 50% by SFN, 25% Gvest Eagle Landing LP and 25% from ELRLP.

**Manager:** League Asset Corporation

<b>Financial Highlights:</b>	25% proportionate holdings of ELDLP annual statement		
<u>Balance Sheet</u>	<u>31-Dec-12</u>	<u>Income Statement</u>	<u>31-Dec-12</u>
	25%		
<i>Assets</i>		Net revenue	300,458
Owned Real Estate Assets	12,316,768	Less: total expenses	(320,163)
Intergroup receivables	-	Net Income (Loss)	<b>(19,704)</b>
Other Assets	1,103,716		
	13,420,484		
<i>Liabilities</i>			
Mortgage Payable	6,855,265		
Loans Payable	-		
Intergroup payable	7,961	<u>Cash flow statement (excerpt)</u>	As a whole
Trade & Accrued Liabilities	956,533	Cash from operating activities	1,916,024
Total Liabilities	7,819,758	Cash from financing activities	7,456,581
		Cash from investing activities	(9,496,956)
Equity / (Deficit)	<b>5,600,726</b>	Net change in Cash Flow	<b>(124,351)</b>

**Intercompany Summary (as at December 31, 2012):**

League Assets Corp payable 10,823 this has not been taken into proportion

**Guarantee / Guarantor:**

None noted

**Company's reason for inclusion or exclusion to the CCAA filing:**

This entity was excluded due to having an independent capital structure, going concern business with a positive cash flow, has no warranties or guarantees provided to security holders by an insolvent entity.

**Entity Name:** IGW Segregated Debt 1 Limited Partnership ("Seg1LP")

**Business Activity:** Seg1LP was formed in BC on April 28, 2009. All the funds raised by the LP, except reserves to pay for operation costs are invested in the LP units of Skye Trillium CMBS LP ("Skye"). Skye was formed in Ontario on May 20, 2009 and is involved with investment and management of commercial mortgage-backed securities (CMBS) traded in the capital markets.

**Legal Entities:** IGW Segregated Debt 1 Limited Partnership  
IGW Segregated Debt 1 General Partnership ("Seg1GP")  
League Asset Corporation ("LAC")  
Skye Trillium CMBS Investment Limited

**Ownership Summary:** LAC owns 100% of Seg1GP  
Seg1GP owns 0.001% of Seg1LP  
There are 6,505,000 Class A LP units outstanding to third party investors representing nearly 100% of Seg1LP units.

**Manager:** League Asset Corporation

<b>Financial Highlights:</b>			
<u>Balance Sheet</u>	<u>31-Dec-12</u>	<u>Income Statement</u>	<u>31-Dec-12</u>
<i>Assets</i>		Net revenue	504,584
Investment in Skye	3,298,762	Less: total expenses	(1,391,099)
Intergroup receivables	1,304,825	Net Income (Loss)	<b>(886,515)</b>
Other Assets	430,447		
	<u>5,034,034</u>		
<i>Liabilities</i>			
Mortgage Payable	-		
Loans Payable	-		
Intergroup payable	-	<u>Cash flow statement (excerpt)</u>	
Trade & Accrued Liabilities	76,041	Cash from operating activities	3,640,346
Total Liabilities	<u>76,041</u>	Cash from financing activities	(3,449,651)
		Cash from investing activities	-
Equity / (Deficit)	<b><u>4,957,993</u></b>	Net change in Cash Flow	<b><u>190,695</u></b>

**Intercompany Summary (as at December 31, 2012):**

It is noted in Financial Statement note 4 on related party transactions that \$1,304,825 is a loan receivable due from the Limited Partners, non-interest bearing and is repayable on demand. No further details are known.

**Guarantee / Guarantor:**

None noted

**Company's reason for inclusion or exclusion to the CCAA filing:**

This entity was excluded as there are no warrantees or guarantees provided to security holders by an insolvent entity. This entity is in the process of winding up.

**Entity Name:** IGW Segregated Debt 2 Limited Partnership ("Seg2LP")

**Business Activity:** Seg2LP was formed in BC on June 17, 2009. All the funds raised by the LP, except reserves to pay for operation costs are invested in the LP units of Skye Trillium CMBS LP 2 ("Skye2") and Skye Trillium CMBS LP 3 ("Skye3"). Skye2 and Skye3 was formed in Ontario on July 15, 2009 and July 29, 2009, respectively. Both entities are involved with investment and management of commercial mortgage-backed securities (CMBS) traded in the capital markets.

**Legal Entities:** IGW Segregated Debt 1 Limited Partnership  
IGW Segregated Debt 1 General Partnership ("Seg1GP")  
League Asset Corporation ("LAC")  
Skye Trillium CMBS Investment Limited 2  
Skye Trillium CMBS Investment Limited 3

**Ownership Summary:** LAC owns 100% of through 1 Class A share of Seg2GP  
Seg2GP owns 0.001% of Seg2LP  
There are 7,598,912 Class A LP units outstanding to third party investors representing nearly 100% of Seg2LP units.

**Manager:** League Asset Corporation

<b>Financial Highlights:</b>			
<u>Balance Sheet</u>	<u>31-Dec-12</u>	<u>Income Statement</u>	<u>31-Dec-12</u>
<i>Assets</i>		Net revenue	635,647
Investment in Skye	3,335,473	Less: total expenses	(2,093,441)
Intergroup receivables	4,299,251	Net Income (Loss)	<b>(1,457,794)</b>
Other Assets	<u>263,408</u>		
	7,898,132		
<i>Liabilities</i>			
Mortgage Payable	-		
Loans Payable	-		
Intergroup payable	-	<u>Cash flow statement (excerpt)</u>	
Trade & Accrued Liabilities	<u>96,582</u>	Cash from operating activities	6,177,298
Total Liabilities	96,582	Cash from financing activities	(6,046,493)
		Cash from investing activities	-
Equity / (Deficit)	<b><u>7,801,550</u></b>	Net change in Cash Flow	<b><u>130,805</u></b>

**Intercompany Summary (as at December 31, 2012):**

It is noted in Financial Statement note 4 on related party transactions that \$4,299,251 is a loan receivable due from the Limited Partners, non-interest bearing and is repayable on demand. No further details are

**Guarantee / Guarantor:**

None noted

**Company's reason for inclusion or exclusion to the CCAA filing:**

This entity was excluded as there are no warranties or guarantees provided to security holders by an insolvent entity. This entity is in the process of winding up.

**Entity Name:** Member-Partners Solar Energy Limited Partnership ("MPSELP")

**Business Activity:** MPSELP is involved in financing the development of and once completed, ownership of Solar PV Projects in Ontario.

**Legal Entities:** Member-Partners Solar Energy Limited Partnership  
Member-Partners Solar Energy General Partnership ("MPSEGP")  
League Asset Limited Partnership ("LALP")  
Fovere Glenbarra Energy Fund II Limited Partnership ("FGLP")  
MPSE Capital Inc. ("MCAP")

**Ownership Summary:** LALP owns 100% of MPSEGP  
MPSEGP owns 0.001% of MPSELP and FGLP  
FGLP has nearly 100% third party investors, no information known  
MPSE LP has 55% third party investor and 45% owned by MCAP  
Based on the annual financial statements there are \$8,153,158 Class P preferred shares and \$10,180,472 value of the Class A LP units.

**Manager:** League Asset Corporation

<b>Financial Highlights:</b>			
<u>Balance Sheet</u>	<u>31-Dec-12</u>	<u>Income Statement</u>	<u>31-Dec-12</u>
<i>Assets</i>		Net revenue	1,005,879
Investment in FGLP	6,620,487	Less: total expenses	(2,398,206)
Intergroup receivables	1,216,246	Net Income (Loss)	<u>(1,392,327)</u>
Other Assets	<u>11,077,040</u>		
	18,913,773		
<i>Liabilities</i>			
Mortgage Payable	-		
Preferred Units	8,153,158	<u>Cash flow statement (excerpt)</u>	
Intergroup payable	230,694	Cash from operating activities	(1,158,629)
Trade & Accrued Liabilities	<u>349,448</u>	Cash from financing activities	6,076,369
Total Liabilities	8,733,300	Cash from investing activities	(6,167,093)
Equity / (Deficit)	<u>10,180,473</u>	Net change in Cash Flow	<u>(1,249,353)</u>

**Intercompany Summary (as at December 31, 2012):**

<u>Receivable</u>		<u>Payable</u>	
IGW REIT LP	1,129,652	Fovere Glenbarra Energy Fund II Ltd.	116,250
Member-Partners Solar Energy Capital	86,594	Fovere Glenbarra Energy Fund IV LP	50,544
		LAC	63,900
	<u>1,216,246</u>		<u>230,694</u>

**Guarantee / Guarantor:**

None noted

**Company's reason for inclusion or exclusion to the CCAA filing:**

This entity was excluded due to having a going concern business with a positive cash flow, a fully independent capital structure with no warranties or guarantees provided to security holders by an insolvent entity .

**Entity Name:** Wesbrooke Retirement Limited Partnership ("WRLP")

**Business Activity:** WRLP operates a retirement home, development of which completed in 2012, in Pitt Meadows, B.C.

**Legal Entities:** Wesbrooke Retirement Limited Partnership  
Wesbrooke Retirement General Partnership ("WRGP")  
League Asset Limited Partnership ("LALP")  
0900908 BC Ltd (Bare Trustee)

**Ownership Summary:** LALP owns 100% of through 1 Class A share of WR1GP  
WRGP owns 0.001% of WRLP  
0900908 BC Ltd is solely owned by WRGP  
WRLP has 3,381,811 Class A units outstanding to nearly 100% third party investors.

**Manager:** League Asset Corporation

<b>Financial Highlights:</b>			
<u>Balance Sheet</u>	<u>31-Dec-12</u>	<u>Income Statement</u>	<u>31-Dec-12</u>
<i>Assets</i>		Net revenue	-
Owned Real Estate Properties	20,274,176	Less: total expenses	(822,348)
Intergroup receivables	132,000	Net Income (Loss)	<b>(822,348)</b>
Other Assets	<u>1,818,877</u>		
	22,225,053		
<i>Liabilities</i>		<u>Cash flow statement (excerpt)</u>	
Mortgage Payable	16,402,911	Cash from operating activities	(574,956)
Loans Payable	43,400	Cash from financing activities	12,346,508
Intergroup payable	48,202	Cash from investing activities	(11,923,880)
Trade & Accrued Liabilities	<u>3,730,803</u>	Net change in Cash Flow	<b>(152,328)</b>
Total Liabilities	20,225,316		
Equity / (Deficit)	<b><u>1,999,737</u></b>		

**Intercompany Summary (as at December 31, 2012):**

Both intergroup balances relate to League Asset Corporation in its entirety.

**Guarantee / Guarantor:**

WRGP is a guarantor for a mortgage of \$16.9M advanced in 2011 for interim construction financing from Canadian Western Bank.

**Company's reason for inclusion or exclusion to the CCAA filing:**

This entity was excluded due to having a going concern business with a positive cash flow, an independent capital structure with no warranties or guarantees provided to security holders by an insolvent entity .

**Entity Name:** IGW Segregated Debt 3 Limited Partnership ("Seg3LP")

**Business Activity:** Unknown - no financial information available

**Legal Entities:** IGW Segregated Debt 3 Limited Partnership  
IGW Segregated Debt 3 General Partnership ("Seg3GP")  
League Asset Corporation ("LAC")  
Skye Trillium CMBS Investment Limited 3

**Ownership Summary:** LAC owns 100% of through 1 Class A share of Seg3GP  
Seg3GP owns 0.001% of Seg3LP  
Unknown Seg3LP units outstanding

**Manager:** League Asset Corporation

**Financial Highlights:**

None - This company was incorporated but never utilized. It is expected to be dissolved due to lack of corporate filings.

**Intercompany Summary:**

None

**Guarantee / Guarantor:**

None noted

**Company's reason for inclusion or exclusion to the CCAA filing:**

Due to the inactivity within the structure no financial statements were prepared as there are no assets or liabilities. This entity was excluded as it has no warranties or guarantees provided to security holders by an insolvent entity and does not hold a capital structure which was seen as a potential advantage within a restructure.

**Entity Name:** League Corporation Group FZ LLC ("CorpFZ")

**Business Activity:** CorpFZ is a Dubai corporation that was created by League Asset Corp but does not carry on active business, thus carrying no assets or liabilities.

**Legal Entities:** League Corporation Group FZ LLC ("CorpFZ")

**Ownership Summary:** League Asset Corporation owns 100% of CorpFZ

**Manager:** None

**Financial Highlights:**

None

**Intercompany Summary:**

Not applicable

**Guarantee / Guarantor:**

Not applicable

**Company's reason for inclusion or exclusion to the CCAA filing:**

This entity was excluded due to being a shell entity with no assets or liabilities, has no warranties or guarantees provided to security holders by an insolvent entity and does not hold a capital structure which was seen as a potential advantage within a restructure.



**Entity Name:** League Assets Inc. US ("LAIUS")

**Business Activity:** LAIUS is an American corporation that was created by League Asset Corp but does not carry on active business, thus carrying no assets or liabilities.

**Legal Entities:** League Assets, Inc.

**Ownership Summary:** League Asset Corporation owns 100% of LAIUS

**Manager:** None

**Financial Highlights:**

None

**Intercompany Summary:**

Not applicable

**Guarantee / Guarantor:**

Not applicable

**Company's reason for inclusion or exclusion to the CCAA filing:**

This entity was excluded due to being a shell entity with no assets or liabilities, has no warranties or guarantees provided to security holders by an insolvent entity and does not hold a capital structure which was seen as a potential advantage within a restructure.

**Entity Name:** IGW Bond Corp.

**Business Activity:** IGW Bond Corp. was incorporated under the British Columbia Business Corporations Act on March 10, 2008.

**Legal Entities:** IGW Bond Corp. ("IBC")

**Ownership Summary:** IBC is owned 20/20 by Adam Gant and Emanuel Arruda, the remaining 60% is from a third party investor named Eyelogic Svstems Inc.

**Manager:** None

<b>Financial Highlights:</b>			
<u>Balance Sheet</u>	<u>31-Dec-12</u>	<u>Income Statement</u>	<u>31-Dec-12</u>
<i>Assets</i>		Net revenue	-
Investment in Colwood	-	Less: total expenses	-
Intergroup receivables	1,000	Net Income (Loss)	-
Other Assets	-		
	<u>1,000</u>		
<i>Liabilities</i>			
Mortgage Payable	-		
Loans Payable	-		
Intergroup payable	-	<u>Cash flow statement (excerpt)</u>	
Trade & Accrued Liabilities	-	Cash from operating activities	-
Total Liabilities	-	Cash from financing activities	-
		Cash from investing activities	-
Equity / (Deficit)	<u>1,000</u>	Net change in Cash Flow	-

**Intercompany Summary (as at December 31, 2012):**

Due from Shareholders	400
Due from League Assets Corp	600
	<u>1,000</u>

**Guarantee / Guarantor:**

None noted

**Company's reason for inclusion or exclusion to the CCAA filing:**

This entity was excluded due to having no warranties or guarantees provided to security holders by an insolvent entity and does not hold a capital structure which was seen as a potential advantage within a restructure.

**Entity Name:** League Cityzen Capital Corp. ("LCCC")

**Business Activity:** LCCC was setup to provide investment funding to the Colwood projects. League Cityzen Investment Corp is a RRSP tool used to sell investments to third party investors.

**Legal Entities:** League Cityzen Capital Corp.  
League Cityzen Investment Corp. ("LCIC")

**Ownership Summary:** LCCC is owned 20/20 by Adam Gant and Emanuel Arruda, the remaining 60% is from a third party investor named Eyelogic Systems Inc. ***Gant and Arruda have 0% beneficial ownership in this RRSP vehicle.***  
LCIC is owned 50/50 by Adam Gant and Emanuel Arruda; ***however, they have no beneficial ownership.***

**Manager:** None

<b>Financial Highlights:</b>			
<u>Balance Sheet</u>	<u>31-Dec-12</u>	<u>Income Statement</u>	<u>31-Dec-12</u>
<i>Assets</i>		Net revenue	-
Investment in Colwood	937,987	Less: total expenses	-
Intergroup receivables	-	Net Income (Loss)	-
Other Assets	620		
	<u>938,607</u>		
<i>Liabilities</i>			
Mortgage Payable	-		
Loans Payable	-		
Intergroup payable	-	<u>Cash flow statement (excerpt)</u>	
Trade & Accrued Liabilities	-	Cash from operating activities	-
Total Liabilities	-	Cash from financing activities	-
		Cash from investing activities	-
Equity / (Deficit)	<u>938,607</u>	Net change in Cash Flow	-

**Intercompany Summary (as at December 31, 2012):**

None

**Guarantee / Guarantor:**

None noted

**Company's reason for inclusion or exclusion to the CCAA filing:**

This entity was excluded due to having no warranties or guarantees provided to security holders by an insolvent entity and does not hold a capital structure which was seen as a potential advantage within a restructure.

**Entity Name:** GTM Capital Inc.

**Business Activity:** GTM Capital Inc. was incorporated on April 8, 2011 under the Business Corporations Act. It was formed for the purpose of loaning monies to Green Tree Capital Management Corp (Green Tree), who would in turn acquire share in various publicly traded and private entities.

**Legal Entities:** GTM Capital Inc. ("GCI")

**Ownership Summary:** GCI is owned 40% by League Asset Corp and 60% by Target Capital Inc.

**Manager:** None

**Financial Highlights:**

<u>Balance Sheet</u>	<u>31-Dec-12</u>	<u>Income Statement</u>	<u>31-Dec-12</u>
<i>Assets</i>		Net revenue	474,089
Owned Real Estate Asset	-	Less: total expenses	(474,089)
Intergroup receivables	-	Net Income (Loss)	-
Other Assets	<u>2,458,068</u>		
	2,458,068		
<i>Liabilities</i>			
Mortgage Payable	-		
Loans Payable	-		
Intergroup payable	-	<u>Cash flow statement (excerpt)</u>	
Trade & Accrued Liabilities	<u>2,457,068</u>	Cash from operating activities	-
Total Liabilities	2,457,068	Cash from financing activities	-
		Cash from investing activities	-
Equity / (Deficit)	<u>1,000</u>	Net change in Cash Flow	-

**Intercompany Summary (as at December 31, 2012):**

None noted

**Guarantee / Guarantor:**

None noted

**Company's reason for inclusion or exclusion to the CCAA filing:**

This entity was excluded due to being a flow-through entity with no net assets. League is a 40% owner with no cross guarantees.

**Entity Name:** 473 Albert Street Office Investment Corp.  
IGW Investments Ltd  
IGW Investments Ltd 2  
IGW Capital Ltd  
Miracle Mile GP Inc.  
FSJ Retail Investment Corp  
Eagle Landing Capital Inc.  
IGW DRF Capital Inc.  
Tsawwassen Retail Power Center LP Capital Inc  
Members-Partners Solar Energy Capital Inc.  
Capital CC GP Inc.  
Capital CC LP  
Capital CC Commercial GP Inc.  
Capital CC Commercial LP  
IGW Mortgage Investment Corp

**Business Activity:** These capital and investment companies were set up for the purpose of the development of the limited partnerships. After the LPs were set up, there was no further use of these entities.

**Legal Entities:** As listed above

**Ownership Summary:** These are all related parties to the League Group either through equal ownership from Adam Gant and Emanuel Arruda, additional third party investors, or through League Asset Corporation.

**Manager:** None

**Financial Highlights:**

These entities do not have useful financial information.

**Intercompany Summary:**

None

**Guarantee / Guarantor:**

None noted

**Company's reason for inclusion or exclusion to the CCAA filing:**

This entity was excluded due to having no warranties or guarantees provided to security holders by an insolvent entity and does not hold a capital structure which was seen as a potential advantage within a restructure.

## **APPENDIX E**

### **Investment Schedule**

Summary of Investor Amounts at October 18, 2013				
Investment ID	Investment Name	# of Units	Value of Units \$	Total Value of Investments \$
PIP319	Colwood City Centre LP - Class B Term Notes	11,959,508.0000	1.00	11,959,508.00
PIP348	Colwood City Centre LP - Class M Term Notes	3,500,000.0000	1.00	3,500,000.00
PIP393	Gatineau Centre Development LP - Secured Notes	968,217.0000	1.00	968,217.00
PIP387	LEAGUE Opportunity Fund Ltd.	13,470,000.0000	1.00	13,470,000.00
PIP392	Stoney Range Industrial LP - Secured Notes	433,377.0000	1.00	433,377.00
Total Secured Debt Investments		30,331,102.0000		30,331,102.00
PIP386	IGW REIT .985 Feb 2012	1,291,234.5044	1.00	1,291,234.50
PIP368	IGW REIT Term Note July 2012	8,742,926.7605	1.00	8,742,926.76
PIP329	Colwood City Centre Class I Term Notes	1,844,000.0000	1.00	1,844,000.00
PIP330	Colwood City Centre Class II Term Notes	13,766,646.0000	1.00	13,766,646.00
PIP398	Colwood City Centre LP - July 2013 Term Notes	80,000.0000	1.00	80,000.00
PIP274	Colwood City Centre Term Note	2,721,415.9000	1.00	2,721,415.90
PIP301	Duncan Debenture Renewal 2011	4,415,000.0000	1.00	4,415,000.00
PIP299	DUNCAN TERM NOTE 2011	6,030,000.0000	1.00	6,030,000.00
PIP388	Gatineau Centre Development LP - Convertible Term Notes	600,700.0000	1.00	600,700.00
Total Debt Investments		39,491,923.1649		39,491,923.16
PIP279	10% Convertible Units - Series 1	230,000.0000	1.00	230,000.00
PIP309	10% Convertible Units - Series 3	5,000.0000	1.00	5,000.00
PIP356	3.5% Convertible Units - Series 6	1,755,000.0000	1.00	1,755,000.00
PIP325	4.25% Convertible - Series 5	2,468,250.0000	1.00	2,468,250.00
PIP266	IGW REIT - Class II - Series 1 - Priority Income	2,457,081.6253	1.00	2,457,081.63
PIP314	IGW REIT - Class II - Series 1A - Priority Income	398,723.3100	1.00	398,723.31
PIP315	IGW REIT - Class II - Series 3A - Priority Income	583,155.8600	1.00	583,155.86
PIP268	IGW REIT - Class II - Series 5 - Priority Income	830,572.4800	1.00	830,572.48
PIP317	IGW REIT - Class II - Series 5B - Priority Income	4,686,959.3700	1.00	4,686,959.37
PIP147	IGW REIT - SERIES - 3B - PRIORITY INCOME	463,788.7800	1.00	463,788.78
PIP146	IGW REIT - Series -1B - Priority Income	409,336.4400	1.00	409,336.44
PIP124	IGW REIT - SERIES 2 - PRIORITY INCOME	9,246,505.4598	1.00	9,246,505.46
PIP135	IGW REIT - Series 3A - Priority Income	1,458,567.8200	1.00	1,458,567.82
PIP148	IGW REIT - SERIES 5B - PRIORITY INCOME	1,961,291.7200	1.00	1,961,291.72
PIP251	IGW REIT - SERIES 7- PRIORITY INCOME	2,075,766.2300	1.00	2,075,766.23
PIP322	IGW REIT .9775	-	1.00	-
PIP145	IGW REIT LIMITED PARTNERSHIP	3,736,730.7867	0.83	3,101,486.55
PIP116	IGW REIT LP	10,401,988.1793	0.83	8,633,650.19
PIP133	League IGW Real Estate Investment Trust	13,980,625.6929	0.83	11,603,919.33
PIP13	LEAGUE IGW REIT	37,821,229.7963	0.83	31,391,620.73
PIP125	LEAGUE IGW REIT - CLASS 1 SERIES 3 - PRIORITY INCOME	4,724,590.8376	1.00	4,724,590.84
PIP267	LEAGUE IGW REIT - Class II - Series 3 - Priority Income	1,705,688.0016	1.00	1,705,688.00
PIP277	LEAGUE IGW REIT - CLASS II - SERIES 5A - INCOME PRIORITY	6,421,718.8586	1.00	6,421,718.86
PIP269	LEAGUE IGW REIT - Class II - Series 7 - Priority Income	2,670,100.0700	1.00	2,670,100.07
PIP278	LEAGUE IGW REIT - CLASS II - SERIES 7A - INCOME PRIORITY	19,020,965.7071	1.00	19,020,965.71
PIP318	LEAGUE IGW REIT - Class II - Series 7B - Priority Income	13,718,155.2261	1.00	13,718,155.23
PIP359	LEAGUE IGW REIT - Class III Series 1	42,505.1200	1.00	42,505.12
PIP360	LEAGUE IGW REIT - Class III Series 3	155,632.0000	1.00	155,632.00
PIP361	LEAGUE IGW REIT - Class III Series 5	74,541.4300	1.00	74,541.43
PIP362	LEAGUE IGW REIT - Class III Series 7	479,291.7100	1.00	479,291.71
PIP363	LEAGUE IGW REIT - Class IV Series 1	123,191.5400	1.00	123,191.54
PIP364	LEAGUE IGW REIT - Class IV Series 3	3,284,119.6349	1.00	3,284,119.63
PIP365	LEAGUE IGW REIT - Class IV Series 5	6,100,188.7433	1.00	6,100,188.74
PIP366	LEAGUE IGW REIT - Class IV Series 7	21,717,669.6724	1.00	21,717,669.67
PIP123	LEAGUE IGW REIT - Series 1 - Priority Income	1,166,761.4100	1.00	1,166,761.41
PIP138	LEAGUE IGW REIT - Series 1A - Priority Income	665,311.3600	1.00	665,311.36
PIP137	LEAGUE IGW REIT - SERIES 5A - PRIORITY INCOME	14,855,090.0100	1.00	14,855,090.01
PIP355	LEAGUE IGW REIT 10% Convertible Units - Series 7	3,028,561.9600	1.00	3,028,561.96
PIP280	LEAGUE IGW REIT Class AAA	28,347,004.7214	0.83	23,528,013.92
PIP354	LEAGUE IGW REIT Class AAAA	4,081,688.3529	0.73	2,979,632.50
PIP100	REIT RRSP	9,760,749.5149	0.83	8,101,422.10
PIP397	IGW Public Limited Partnership - Class A	4,929,231.0000	1.00	4,929,231.00
PIP14	Colwood City Centre LP	24,684,137.0000	1.00	24,684,137.00
PIP246	Colwood City Centre RRSP Bonus Units	750,389.0000	1.00	750,389.00
PIP282	Cowichan District Financial Centre Limited Partnership	2,093,500.0000	1.00	2,093,500.00
PIP99	Duncan LP	15,253,494.0000	1.00	15,253,494.00
PIP111	Fort St John Retail LP	3,001,709.0000	1.00	3,001,709.00
PIP371	Gatineau Centre Development LP - Class A	5,252,000.0000	1.00	5,252,000.00
PIP373	Gatineau Centre Development LP - Class A Bonus Units	370,400.0000	1.00	370,400.00
PIP327	IGW Diversified Redevelopment Fund LP - Class A	1,494,000.0000	1.00	1,494,000.00
PIP328	IGW Diversified Redevelopment Fund LP - Class P	170,000.0000	1.00	170,000.00
PIP385	IGW Diversified Redevelopment Fund LP - Class SP	102,000.0000	1.00	102,000.00
PIP119	IGW MIC 1	70,197.7218	1.00	70,197.72
PIP120	IGW MIC 2	74,172.4748	1.00	74,172.47
PIP126	IGW ResCap LP	2,609,389.9198	1.00	2,609,389.92
PIP117	North Vernon Limited Partnership	3,177,821.0000	1.00	3,177,821.00
PIP298	Residences at Quadra Village LP	3,472,500.0000	1.00	3,472,500.00
PIP399	Residences At Quadra Village LP - Class P	624,000.0000	1.00	624,000.00
PIP389	Stoney Range Industrial LP - Class A	2,025,115.0000	1.00	2,025,115.00
PIP390	Stoney Range Industrial LP - Class P	2,297,796.0000	1.00	2,297,796.00
PIP369	Tsawwassen Retail Power Centre LP - Class A	38,000.0000	1.00	38,000.00
PIP311	Tsawwassen Retail Power Centre LP - Class P	1,330,000.0000	1.00	1,330,000.00
Total Equity Investments		310,933,951.5475		292,143,679.81
Total Investments		380,756,976.7124		361,966,704.98
Unreconciled Units				
PIP133	League IGW Real Estate Investment Trust	155,065.8900	0.83	128,704.69
Total Debt Investments		155,065.8900		128,704.69
PIP116	IGW REIT LP	947,652.8410	0.83	786,551.86
PIP13	LEAGUE IGW REIT	(24,867.0000)	0.83	(20,639.61)
PIP125	LEAGUE IGW REIT - CLASS 1 SERIES 3 - PRIORITY INCOME	46,190.0000	1.00	46,190.00
PIP278	LEAGUE IGW REIT - CLASS II - SERIES 7A - INCOME PRIORITY	(0.3800)	1.00	(0.38)
PIP361	LEAGUE IGW REIT - Class III Series 5	(700.0000)	1.00	(700.00)
PIP365	LEAGUE IGW REIT - Class IV Series 5	40,700.0000	1.00	40,700.00
PIP366	LEAGUE IGW REIT - Class IV Series 7	49,244.9700	1.00	49,244.97
PIP355	LEAGUE IGW REIT 10% Convertible Units - Series 7	(361,213.4200)	1.00	(361,213.42)
PIP280	LEAGUE IGW REIT Class AAA	104,243.9600	0.83	86,522.49
PIP354	LEAGUE IGW REIT Class AAAA	410,746.1400	0.73	299,844.68
Total Equity Investments		1,211,997.1110		926,500.59
Total - Unreconciled Investments		1,367,063.0010		1,055,205.28
Secured Debt Investment				
Debt Investments		30,331,102.0000		30,331,102.00
Equity Investments		39,646,989.0549		39,620,627.85
		312,145,948.6585		293,070,180.40
Grand Total	Total - All CCAA Filing Entities	382,124,039.7134		363,021,910.26

## **APPENDIX F**

### **Cash Flow Statement**



**League Assets et. al.**  
**Cash flow Forecast to Actual Variance Report**  
**For the period of October 18, 2013 to November 10, 2013**

Receipts and Disbursements	Actual (\$)	Forecast (\$)	Variance (\$)	Note
<b>Properties (net)</b>				
Anderson Crossing	(121)	56,151	(56,271)	1
Arrow Road Development	(70)	-	(70)	
Broughton Professional Bldg.	11,767	17,383	(5,615)	2
Cowichan	(112)	(15,954)	15,842	3
Dodson Plaza	55,590	68,212	(12,622)	4
Duncan Village	(87,501)	118,328	(205,829)	5
Fort St. John	(3)	-	(3)	
Gatineau Development (Tecumesh Golf Course)	(74)	-	(74)	
Jesken Development	(68)	-	(68)	
LaSalle Commercial	156,087	250,967	(94,880)	6
Market Square	43,806	51,863	(8,058)	7
Merivale	29,123	23,817	5,305	8
Quadra Village Apartments	2,732	5,978	(3,247)	9
Stettler Town Centre	13,334	45,148	(31,814)	10
Stoney Range Industrial	56,792	80,630	(23,838)	11
Sundel Square / Rosewood	96,244	7,656	88,588	12
Trebla Building	249,692	123,579	126,113	13
Tsawwassen	(68)	-	(68)	
Tyee Plaza	60,738	165,020	(104,282)	14
Westlock Plaza	-	38,161	(38,161)	15
	<b>687,887</b>	<b>1,036,939</b>	<b>(349,052)</b>	16
<b>Corporate receipts</b>				
Partners' REIT asset management fees	-	237,000	(237,000)	17
Tax refund	253,353	-	253,353	18
Other income	1,933	-	1,933	
Recoveries from external property managers	812,166	-	812,166	
	<b>1,067,452</b>	<b>237,000</b>	<b>830,452</b>	
<b>Corporate operating expenses</b>				
Payroll	(967,357)	(1,173,995)	206,638	19
Consultants and contractors	(21,061)	(110,111)	89,050	20
Rent	-	(94,650)	94,650	21
Office	(42,424)	(30,287)	(12,137)	22
Marketing	-	(26,667)	26,667	
Travel & meals	(2,086)	(31,992)	29,906	
Information technology	-	(34,182)	34,182	
Office equipment	(20)	(28,904)	28,883	
Telephone & internet	-	(23,845)	23,845	
Insurance	(8,223)	(16,172)	7,950	22
Utilities	(5,998)	(5,925)	(72)	
	<b>(1,047,169)</b>	<b>(1,576,731)</b>	<b>529,562</b>	
<b>Restructuring expenses</b>				
Professional fees	(820,959)	(937,000)	116,041	23
DIP Interest & loan fees	(182,500)	(162,500)	(20,000)	
	<b>(1,003,459)</b>	<b>(1,099,500)</b>	<b>96,041</b>	
<b>Net change in cash</b>	<b>(295,289)</b>	<b>(1,402,292)</b>	<b>1,107,003</b>	

**League Assets et. al.**  
**Cash flow Forecast to Actual Variance Report**  
For the period of October 18, 2013 to November 10, 2013

Combined Cash Position	Actual (\$)	Forecast (\$)	Variance (\$)	Note
Opening cash	95,033	-	95,033	24
DIP borrowings	1,600,000	1,600,000	-	
Net change in cash	(295,289)	(1,402,292)	1,107,003	
Funds set-off by RBC	(346,624)	-	(346,624)	
<b>Ending cash</b>	<b>1,053,121</b>	<b>197,708</b>	<b>855,413</b>	
<b>Detail by property</b>				
<b>Anderson Crossing</b>				
Rent receipts	-	95,137	(95,137)	1
Operating expenses	(121)	(38,986)	38,866	
	<b>(121)</b>	<b>56,151</b>	<b>(56,271)</b>	
<b>Arrow Road Development</b>				
Rent receipts	-	-	-	2
Operating expenses	(70)	-	(70)	
	<b>(70)</b>	<b>-</b>	<b>(70)</b>	
<b>Broughton Professional Bldg.</b>				
Income	11,767	27,867	(16,099)	2
Expenses	-	(10,484)	10,484	
	<b>11,767</b>	<b>17,383</b>	<b>(5,615)</b>	
<b>Cowichan</b>				
Rent receipts	-	10,129	(10,129)	3
Operating expenses	(112)	(26,083)	25,971	
	<b>(112)</b>	<b>(15,954)</b>	<b>15,842</b>	
<b>Dodson Plaza</b>				
Income	55,590	77,000	(21,410)	4
Expenses	-	(8,788)	8,788	
	<b>55,590</b>	<b>68,212</b>	<b>(12,622)</b>	
<b>Duncan - Village Green</b>				
Rent receipts	-	160,797	(160,797)	5
Operating expenses	(87,501)	(42,468)	(45,032)	
	<b>(87,501)</b>	<b>118,328</b>	<b>(205,829)</b>	
<b>Fort St. John</b>				
Rent receipts	-	-	-	
Operating expenses	(3)	-	(3)	
	<b>(3)</b>	<b>-</b>	<b>(3)</b>	
<b>Gatineau Development (Tecumesh Golf Course)</b>				
Rent receipts	-	-	-	
Operating expenses	(74)	-	(74)	
	<b>(74)</b>	<b>-</b>	<b>(74)</b>	
<b>Jesken Development</b>				
Rent receipts	-	-	-	
Operating expenses	(68)	-	(68)	
	<b>(68)</b>	<b>-</b>	<b>(68)</b>	

**League Assets et. al.**  
**Cash flow Forecast to Actual Variance Report**  
**For the period of October 18, 2013 to November 10, 2013**

Combined Cash Position	Actual (\$)	Forecast (\$)	Variance (\$)	Note
<b>LaSalle Commercial</b>				
Income	160,266	281,600	(36,704)	
Expenses	(4,178)	(30,633)	26,454	
	<b>156,087</b>	<b>250,967</b>	<b>(10,250)</b>	6
<b>Market Square</b>				
Income	43,806	64,167	(20,361)	
Expenses	-	(12,303)	12,303	
	<b>43,806</b>	<b>51,863</b>	<b>(8,058)</b>	7
<b>Merivale</b>				
Income	34,866	42,900	(8,034)	
Expenses	(5,743)	(19,083)	13,339	
	<b>29,123</b>	<b>23,817</b>	<b>5,305</b>	8
<b>Quadra Village Apartments</b>				
Rent receipts	25,513	60,335	(34,823)	
Operating expenses	(22,781)	(54,357)	31,576	
	<b>2,732</b>	<b>5,978</b>	<b>(3,247)</b>	9
<b>Stettler Town Centre</b>				
Income	13,334	57,200	(43,866)	
Expenses	-	(12,052)	12,052	
	<b>13,334</b>	<b>45,148</b>	<b>(31,814)</b>	10
<b>Stoney Range Industrial</b>				
Rent receipts	56,884	99,330	(42,446)	
Operating expenses	(92)	(18,700)	18,608	
	<b>56,792</b>	<b>80,630</b>	<b>(23,838)</b>	11
<b>Sundel Square / Rosewood</b>				
Rent receipts	98,102	21,513	76,589	
Operating expenses	(1,858)	(13,858)	11,999	
	<b>96,244</b>	<b>7,656</b>	<b>88,588</b>	12
<b>Trebla Building</b>				
Income	255,986	317,167	(61,181)	
Expenses	(6,294)	(193,588)	187,294	
	<b>249,692</b>	<b>123,579</b>	<b>126,113</b>	13
<b>Tsawwassen</b>				
Rent receipts	-	-	-	
Operating expenses	(68)	-	(68)	
	<b>(68)</b>	<b>-</b>	<b>(68)</b>	
<b>Tyee Plaza</b>				
Income	60,738	187,367	(126,629)	
Expenses	-	(22,347)	22,347	
	<b>60,738</b>	<b>165,020</b>	<b>(104,282)</b>	14
<b>Westlock Plaza</b>				
Income	-	50,967	(50,967)	
Expenses	-	(12,805)	12,805	
	<b>-</b>	<b>38,161</b>	<b>(38,161)</b>	15

**League Assets et. al.**  
**Cash flow Forecast to Actual Variance Report**  
**For the period of October 18, 2013 to November 10, 2013**

Note	
1	November rent payments for Anderson Crossing totaling \$95,136 were not deposited due to RBC set-off issue. See Note 24. Expenses variance is a timing difference. See Note 23.
2	November rent payments totaling \$6,000 were held due to RBC set-off issue. See Note 24. Expenses variance is a timing difference. See Note 23.
3	November rent payments for Cowichan totaling \$5,599 were not deposited due to RBC set-off issue. See Note 24. Expenses variance is a timing difference. See Note 23.
4	November rent payments for Dodson Plaza totaling \$17,724 held due to RBC set-off issue. See Note 24. Expenses variance is a timing difference. See Note 23.
5	November rent payments for Duncan - Village Green totalling \$13,934 held due to RBC set-off issue. See Note 24. Expenses variance is due to payments for the Duncan Mall and Plaza totaling \$56,824 being paid out of the Village Green account in error. These payments have now been returned.
6	November rent payments for LaSalle Commercial totaling \$64,709 were not received. We are not aware of any issues of collectibility on outstanding rents. Balance of variance is due to improper forecasting and is a permanent difference.
7	Market Square November rent payments for \$31,205 were held due to RBC set-off issue. See Note 24. Expenses variance is a timing difference. See Note 23.
8	Expense payments totalling \$3,241 received by the Monitor for review in the week ending November 18, 2013.
9	Expense payments totalling \$25,822 received by the Monitor for review in the week ending November 18,
10	November rent payments for \$20,044 were held due to RBC set-off issue. See Note 24. Expenses variance is a timing difference. See Note 23.
11	November rent payments for Stoney Range Industrial of \$37,285 were held due to RBC set-off issue. See
12	Sundel Square/Rosewood properties. Favourable variance in rents received due to incorrect forecasting. Reforecast includes rent of \$132,551 per month. November rent payments for Sundel Square totaling \$10,429 were held due to RBC set-off issues. See Note 24. Expenses variance are temporary, accounts payable of approximately \$50,000 to be paid in the week ending November 18, 2013.
13	Original forecast was overstated by \$76,167. Expenses totalling \$28,973 received by Monitor to review and pay in week ending November 18, 2013.
14	November rent payments for Tyee Plaza totaling \$63,234 were not deposited due to RBC set-off issue. See Note 24. Expenses variance is a timing difference. See Note 23.
15	November rent payments for Westlock Plaza totaling \$28,008 were held due to RBC set-off issue. See Note 24. Westlock sale was approved by the Court on October 30, 2013. Once deposited, November rent is payable to the purchaser under the purchase and sale agreement. Permanent variance.

**League Assets et. al.**  
**Cash flow Forecast to Actual Variance Report**  
**For the period of October 18, 2013 to November 10, 2013**

Note	
16	As directed by the court in the Order granted on Friday October 18, 2013, all rents and operating costs of the Duncan City Centre mall and the Colwood Corners Shopping Centre properties with respect to mortgages in favour of TCC Mortgage holdings Inc. and Quest Capital Management respectively, are being collected and disbursed by the Monitor. A separate cash flow statement is provided in this report. The receipts and disbursements of these properties have been removed from this forecast resulting in a \$185,150.33 negative variance to the original forecast submitted to the court in the Monitor's First Report.
17	Partners REIT advised that post-filing payments would be made under the terms of the management contract (i.e. management fee is payable quarterly, 60 days in arrears). Forecasted amount to be paid by February 28, 2014.
18	2012 income tax refund for League Asset Corporation (\$238,000) and League Investment Services August 2013 GST refund (\$15,000). Amounts were known but not included in the cash flow due to a potential hold being placed on all of the Company's accounts by Canada Revenue Agency due to the CCAA filing.
19	Forecasted employee expenses related to pre-filing Amex charges were not paid.
20	The Company used less contractors in the post-filing period than forecasted.
21	November 2013 rent of \$81,000 to be paid during the week of November 18, 2013. Permanent \$13,000 favorable variance.
22	Timing difference due to slow invoicing by vendors after the CCAA filing. Amounts expected to be paid in the week of November 11, 2013.
23	Due to the reduction in staff levels, the Company is behind on processing of trade accounts payable resulting in a timing difference. The outstanding amounts are to be paid during the week of November 18, 2013.
24	As at October 18, 2013, 20 of the League's RBC accounts were in overdraft totaling \$721,713 (net of positive cash balances on an entity basis and excluding the Colwood and the Duncan accounts). Post-filing receipts of \$346,625 were deposited into the overdraft accounts and RBC advised that it would exercise its right to set-off of post-filing receipts. On November 14, 2013, RBC and the Company entered into an agreement whereby RBC agreed to not make any further off-sets of post-filing receipts into overdraft accounts until the CCAA proceedings were on-going.

## **APPENDIX G**

### **Receivership Proposal**

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**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.

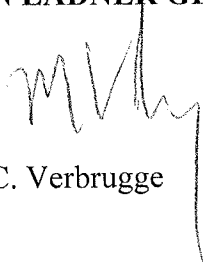
We recognize that this is an unusual letter, but these are highly unusual circumstances and the secured creditors believe that all of the stakeholders are best served by a coordinated attempt to find a go-forward solution that will provide the best result in a very difficult situation. We ask that the 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