

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 NINTH REPORT TO COURT
[Prepared for the January 23 & 24, 2014 hearings]**

January 21, 2014



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

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- B. Cash flow results from November 18 to December 31, 2013 and updated forecast to June 28, 2014**

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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 On November 22, 2013, the Court made an order (the “**Process Order**”) that, among other things (i) increased the amount of interim financing available to League and the related charge, (ii) set out a process to deal with certain properties owned by League, (iii) stayed all creditors from commencing or continuing any proceedings against League until June 28, 2014 and (iv) granted the Monitor enhanced powers and duties in the CCAA proceedings.
- 1.4 Prior to the Process Order being made, Canadian Western Bank, BCMP Mortgage Investment Corporation and Interior Savings Credit Union sought leave to appeal to the Court of Appeal of British Columbia from both the Initial Order and the ARIO. Subsequent to the Process Order being made, these leave applications have been abandoned.
- 1.5 The purpose of this report is to:
 - 1.5.1 Provide a status update on the completion of certain asset sales previously approved by the Court, namely the sale of the Partners REIT interests, Westlock and Cowichan;
 - 1.5.2 Provide a status update on League’s real estate properties including the retention and marketing of certain of its properties as contemplated by the Process Order;

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- 1.5.3 Provide an update on League's operations, its restructuring activities and its updated cash flow forecast to June 28, 2014;
 - 1.5.4 Provide information regarding the Monitor's proposed claims process in support of the Monitor's application for approval of a claims process which is returnable on January 23, 2014;
 - 1.5.5 Provide information and comment on League's application for the approval of the sale of its interest in the Tsawwassen Commons Retail Power Center development which is returnable on January 23, 2014; and
 - 1.5.6 Comment on the application brought by Farmer Constructors Inc. relating to the Capital City Centre Project.
- 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 previous reports of the Monitor.
- 1.7 The Monitor has set up a website at:

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.

2. ASSET SALES

- 2.1 Since the Initial Order was made, the Court has approved a number of asset sales. Outlined below is an update on the status of those transactions.

Partners REIT

- 2.2 The Court previously made orders approving the following transactions with respect to Partners REIT:

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- 2.2.1 The sale of 3,872,863 units of Partners REIT to McCowan & Associates Ltd.; and,
- 2.2.2 The assignment of the management agreement between LAPP Global Asset Management Corp. and Partners REIT to an entity controlled by McCowan & Associates Ltd., 1862302 Ontario Limited ("**186**").
- 2.3 These transactions have now been completed. League continues to work with Partners REIT by providing transitional labour and other services pursuant to the Secondment Agreement approved by this Court, which services are expected to terminate by February 15, 2014.
- 2.4 A comparison of the actual proceeds from these two transactions to the recoveries estimated in the Monitor's 4th report from League's interest in Partners REIT is presented below:

Disposition of Partners REIT Interests			
Analysis of Net Proceeds			
(\$ thousands)	Estimated	Actual	Variance
Trust Units			
Unit price (\$/unit)	6.25	7.00	0.75
# units	3,872,863	3,872,863	
Gross Proceeds	24,205	27,110	2,905
Less:			
Loan repayment to Firm Capital	17,418	17,827	409
Net Proceeds	6,787	9,283	2,496
Less:			
Adjustment: Repayment of Timbercreek loan	-	9,283	
Adjusted Net Proceeds - Trust Units	6,787	-	
Management Agreement			
Net Assignment Proceeds	-	1,500	1,500

- 2.5 The net proceeds from the sale of the Partners REIT units is net of the repayment of the balances owing to affiliates of Firm Capital Corporation ("**Firm**") for loans which were secured by charges on the Partners REIT units. These net proceeds of sale were approximately \$2.5 million greater than the medium forecast price set out in the Monitor's 4th report due to the unit price received for the trust units.

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- 2.6 Timbercreek Mortgage Investment Corporation (“**Timbercreek**”) held security subordinate to Firm’s security over the Partners REIT units to secure a blanket loan facility of approximately \$14.4 million. The net proceeds after the repayment of Firm from the sale of the Partners REIT units of \$9.3 million were used to reduce the overall balance owing to Timbercreek.
- 2.7 The net proceeds in the amount of \$1,500,000 from the assignment of the Management Agreement were not estimated in the Monitor’s 4th report due to the complexity of the dispute as it then existed between Partners REIT and League. The net proceeds are currently held in a segregated trust account by the Monitor.

Cowichan & Westlock Properties

- 2.8 The sales of the Cowichan and Westlock properties previously approved by the Court have been completed pursuant to the purchase agreements as outlined in previous reports to the Court. A summary of the net proceeds as compared to the Estimated Net Proceeds presented in the Property Book follows:

Court Approved Property Sales Analysis of Net Proceeds			
(\$ thousands)	Property Book Estimate	Actual	Variance
Westlock Property			
Selling Price	2,290	2,290	-
Less:			
Sales Commission	(92)	(96)	(4)
Process Order Holdback (5% of gross purchase price)	-	(115)	(115)
Closing Adjustments	-	(13)	(13)
Mortgage Repayment	(1,288)	(1,317)	(29)
Net Proceeds	910	750	(160)
Adjustment: Repayment of Timbercreek Mortgage	(910)	(750)	160
Final Net Proceeds	-	-	-
Cowichan Property			
Selling Price	7,200	7,200	-
Less:			
Sales Commission	(35)	-	35
Process Order Holdback (5% of gross purchase price)	-	(360)	(360)
Closing Adjustments	-	(150)	(150)
Mortgage Repayment	(5,091)	(5,218)	(127)
Final Net Proceeds	2,074	1,472	(602)
Summary			
Total Funds Held to satisfy Court Orderd Charges		475	
Total Funds Held for Distribution		1,472	

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- 2.9 The Monitor now holds approximately \$475,000 in a segregated account pursuant to the holdbacks provided for in the Process Order (the “**Process Order Holdback**”). It is anticipated that these funds will be used to fund future DIP loan repayment obligations as required by the priorities set out in paragraph 39 of the Process Order. After adjusting for the Process Order Holdback, the net proceeds from these two sales is \$287,000 less than forecast principally due to closing adjustments (which were not included in the forecast) and higher than forecast mortgage repayment obligations (inclusive of the Secured Lenders’ legal fees and disbursements).

Evolve Property

- 2.10 Another property, the Evolve property, is subject to a sale agreement (sale price of \$180,000) which is expected to result in a shortfall to the Mortgage Lender. League had sought the Mortgage Lender’s consent to the sale in order to seek the Court’s approval and complete the sale. The Mortgage Lender declined to provide its consent, and has recently commenced foreclosure proceedings despite the stay of proceedings pursuant to the ARIO. In order to expedite the sale of this property without incurring any further costs, League and the Monitor have indicated their willingness to consent to the continuation of the foreclosure proceedings provided that the 5% Process Order Holdback is paid to the Monitor from any sale. League is currently waiting for a response from the Mortgage Lender.

3. REAL ESTATE PROPERTIES

- 3.1 The majority of League’s assets are comprised of real estate properties, which have been divided into three broad categories as follows:
- 3.1.1 Income properties to be sold (11 properties);
 - 3.1.2 Income properties being retained (3 properties); and
 - 3.1.3 Development properties (4 properties).
- 3.2 Each of these categories is detailed in the following sections.

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Income properties for sale

- 3.3 Pursuant to the Process Order, 11 properties shall be sold by the Monitor (the “**Tangible Asset Properties**”). Following receipt of listing proposals from a number of real estate brokers and discussions with League and the Mortgage Lenders, the Monitor has made available for sale the 11 properties as detailed below:

Tangible Asset Properties Available for Sale		
Property	Listing Agent	Listing Price (\$ millions)
Merivale	Avison Young	2.40
Broughton Professional Bldg.	Cushman & Wakefield	4.14
Rosewood	Colliers	Unpriced
Trebla Building	Colliers	Unpriced
Market Square	Cushman & Wakefield	9.35
Tyee Plaza	Cushman & Wakefield	18.75
Stettler Town Centre	Cushman & Wakefield	4.75
Anderson Crossing	Colliers	15.50
Sundel Square	Colliers	4.70
Quadra Village Apartments	Colliers	14.10
Duncan (Village, Mall, Plaza)	N/A	Unpriced

- 3.4 A listing price was not set for the Trebla property, as there are a number of different re-development options available for the building in addition to its current use. As these configurations could generate different values, the Monitor chose not to disclose a list price.
- 3.5 The Rosewood property has not been listed for sale, as it has a number of maintenance issues which adversely affect the marketability of the property. In December 2013, the Monitor received an offer to purchase the Rosewood property from one of Rosewood’s lenders (the “**Rosewood Mortgagee**”), that provided for a quick close and did not require the vendor to correct any of the deficiencies. During the latter part of December and in the period to January 17, 2014, the Monitor had been attempting to finalize the terms of sale with the Rosewood Mortgagee. However, on January 17, 2014, League received an unsolicited offer from a third party (the “**Rosewood Prospective Purchaser**”) to acquire the Rosewood property at a price materially higher than was being offered by the Rosewood Mortgagee (the “**Rosewood Offer**”) and also provides for a quick close. The Rosewood Offer is subject to a limited period of time for the Rosewood Prospective Purchaser to conduct due diligence. League has signed a Letter of Intent with the Rosewood Prospective Purchaser and has commenced negotiation of an agreement of purchase and sale.

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- 3.6 The three Duncan properties have not been listed for sale as, on December 20, 2013, the Monitor received an unsolicited letter of intent from a prospective purchaser (the “**Duncan Prospective Purchaser**”) to acquire all three Duncan properties for a price that approximates the estimated transaction value and which provides for a limited period of due diligence and a very quick closing thereafter. The letter of intent was accepted on December 27, 2013 and an asset purchase agreement (“**Duncan APA**”) was entered into on January 15, 2014.
- 3.7 The Duncan APA provides for the Duncan Prospective Purchaser’s due diligence to be completed by February 7, 2014. Providing a satisfactory resolution can be reached in respect of any issues identified by the Duncan Prospective Purchaser’s due diligence, the Duncan APA provides that court approval is to be sought within 15 days, with closing to be 10 days after court approval. As such, the Duncan APA provides for a substantially quicker closing than would be likely if the property were marketed.
- 3.8 The Duncan APA has exclusivity conditions that preclude the Duncan Properties being actively marketed. As a result, the three Duncan properties are not being actively marketed. However, the Monitor has a listing agreement ready for execution in the event that the Duncan Prospective Purchaser and the Monitor are unable to resolve issues that arise as a result of the Duncan Prospective Purchaser’s due diligence.
- 3.9 To facilitate the management of the Tangible Asset Properties while they were being sold, the Monitor prepared detailed cash flow forecasts based on League’s 2014 budgets. The cash flow forecasts for the 11 Tangible Asset Properties are presented on a combined basis in the table below:

Tangible Asset Properties Profile Forecast 2014 Cashflow Highlights	
	(\$ thousands)
Revenue	15,162
Debt Service	(10,992)
Net Cash Flow	(7,937)

- 3.10 In general, the Tangible Asset Properties do not fund their operating/capital expenditures and/or debt service requirements. If those payments were made, the cash short fall is expected to be \$7.9 million. The Process Order outlined how property revenues would be used firstly for operational purposes and thereafter, to satisfy debt service requirements to the extent of any remaining funds. As a result, cash flow forecasts for each property

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were provided to each Mortgage Lender and they were advised of the quantum of any debt service payments that could be made to them or whether funding would be required in the event that property revenues could not support operating expenses or required capital expenditures. This process is ongoing.

Income Properties being retained

- 3.11 Pursuant to the Process Order, the Monitor agreed with League that the following three properties would be Excluded Properties (as defined in the Process Order);
- 3.11.1 Dodson Plaza;
- 3.11.2 La Salle; and,
- 3.11.3 Stoney Range.
- 3.12 Highlights from the 2014 forecasted cash flow for the Excluded Properties is provided on a combined basis in the table below.

Excluded Properties Profile Forecast 2014 Cashflow Highlights	
	(\$ thousands)
Revenue	4,780
Debt Service	(1,956)
Net Cash Flow	1,019

- 3.13 League had originally proposed that the following two properties would be retained to provide more time for League to work on enhancing their values:
- 3.13.1 Trebla – League indicated that it was in discussions with two possible tenants which would significantly increase the rent roll and therefore, the value of the building. In addition, there are some re-development options available for the Trebla building that could enhance its value. After discussions with the Monitor, League concluded that the Trebla building should be listed for sale pursuant to the Process Order, and it would concurrently pursue new tenants and explore re-development options to enhance the building's value during the listing period;
- 3.13.2 Market Square – League indicated that it was in discussions with a significant new tenant and believed that ongoing negotiations would be successful and result in positive cash flow for the property. Like the Trebla building, it was agreed with

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the Monitor that the property would be listed for sale while efforts would continue to secure the new tenant. In the event that the new tenant was secured, the listing price would be adjusted accordingly.

Development Properties

3.14 League currently holds the following development properties:

3.14.1 Gatineau;

3.14.2 Jesken;

3.14.3 Fort St. John; and

3.14.4 Colwood.

3.15 League's focus since the Process Order was made has been on assessing the income properties and coordinating with the Monitor which properties would be placed on the market for sale and which would be retained. As a result, a restructuring approach for the development properties has not yet been developed.

3.16 At the date of the Initial Order, the Colwood property was actively being developed while the other properties were at a planning stage. During these CCAA proceedings, activity at League's Colwood project has been limited to the withdrawal of equipment by Farmer Constructors Inc. who had been retained as the construction manager for the project.

3.17 Given that the marketing of the income properties is underway, League anticipates that it will now begin work on assessing the development properties with the view of developing a plan for each property.

4. OPERATIONAL AND RESTRUCTURING ACTIVITIES

4.1 The operations of League consists of the ongoing management and administration of approximately 170 entities, 105 of which are within these CCAA proceedings (i.e. the "yellow" box entities) and 65 of which are outside these proceedings (i.e. the "white" box entities). Several of these entities are dormant or otherwise inactive; however, the remainder require various levels of overall management and administration by League.

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4.2 At the date of filing, League conducted its operations from six locations as follows:

4.2.1 Corporate office, Victoria, B.C.;

4.2.2 Capital City Centre sales office, Colwood, B.C.;

4.2.3 Vancouver, B.C.;

4.2.4 Calgary, AB; and

4.2.5 Toronto, ON (2 offices).

4.3 Since the date of filing, the Company has closed all of its operations with the exception of its Victoria corporate office. The real property leases as well as furniture and equipment leases related to these locations have been disclaimed. In addition, the Company has taken steps to reduce costs at its corporate office. Employees at the closed locations were either terminated or retained pursuant to the agreement with 186 who has taken an assignment of the Partners REIT management agreement effective December 27, 2013. The operational activities relating to League were transferred and assumed by remaining staff at the Company's corporate office.

4.4 Currently, there are 27 employees remaining that are dedicated to the administration and transition of the Partners REIT management contract. These activities are to be performed by League from December 27, 2013 to February 15, 2014 on a cost recovery basis to assist in the transfer of the Partners REIT management contract. As part of the assignment of this contract, the Company entered into an arrangement with 186 to keep these employees on the Company's payroll until February 15, 2014, at which time those employees will be hired by 186 or terminated by the Company if no longer required by 186. There is currently no cost to the Company to retain these employees as 186 is fully funding these payroll costs.

4.5 At the Filing Date, there were 135 employees with an annual salary cost of approximately \$10.5 million. The headcount has been reduced to 54 employees at the date of this report, with 27 of these employees working on a full cost recovery arrangement with 186. Accordingly, effective December 27, 2013, League was incurring costs for only 27 employees. The annualized cost of these remaining employees totals \$2.4 million. The

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Company has a plan to further reduce this headcount over the next 3 months as the required activities decline.

- 4.6 Since the date of filing, the Company has continued to perform its responsibilities both to the “yellow” box and the “white” box entities. In general terms, the activities that have been performed by the Company relating to such entities include the following:
 - 4.6.1 Ongoing property and asset management services;
 - 4.6.2 Corporate and financial reporting for the entities;
 - 4.6.3 Management of Partners REIT, including working through the transitional arrangements of this administration pursuant to the terms of the assignment of the management contract;
 - 4.6.4 Considering the options available to deal with the non-real estate assets, including the wealth management operations;
 - 4.6.5 Considering the options available to deal with the development properties; and
 - 4.6.6 Ongoing communications to Investors and other stakeholders.
- 4.7 In addition to the above noted activities, the Company’s staff has assisted the Monitor as follows:
 - 4.7.1 Provided information to assist in the review of the yellow box and white box entities;
 - 4.7.2 Provided information to assist in the review of the Company’s historical financial affairs;
 - 4.7.3 Provided an analysis of the intercompany balances; and
 - 4.7.4 Updated investor balances and trade supplier information for the purposes of the proposed Claims Process.
- 4.8 With a significantly lower employee headcount, the Company is seeking smaller premises for its corporate office. Under the Process Order, the Company is permitted to occupy its

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corporate office at 710 Redbrick Street, Victoria, B.C. ("**Redbrick**") on a rent-free basis until January 31, 2014. The Company is currently in discussions with RoyNat Capital regarding a lease or rental of a small area at Redbrick and is concurrently exploring alternative locations in the greater Victoria, B.C. area.

- 4.9 The Company has also been significantly reducing overhead costs notably in the area of information technology. The Company will be selling all of the surplus office furniture and equipment as it transitions to smaller office space.

5. CASH FLOW FORECAST UPDATE

- 5.1 Attached as Appendix B is League's updated Cash Flow Statement to June 28, 2014 (the "**Cash Flow Statement**"). The Cash Flow Statement provides actual results to December 31, 2013 together with an updated forecast for the period January 1 to June 28, 2014.
- 5.2 Based on the updated Cash Flow Statement, League and the Monitor do not anticipate that any additional DIP borrowings will be required during the forecast period. Total DIP borrowings from the commencement of these proceedings has totalled \$11.6 million, comprised of the initial DIP borrowings of \$1.6 million reported in the Monitor's 4th report together with the \$10 million borrowed to fund League's ongoing corporate needs to June 28, 2014.
- 5.3 Both League and the Monitor are acutely aware of the Company's undertaking not to seek additional DIP borrowings through the forecast period and accordingly, active steps are being taken to ensure there is sufficient cash to fund operations using funds already borrowed.

6. CHANGES TO THE SENIOR MANAGEMENT OF LEAGUE

- 6.1 Subsequent to the CCAA filing, several parties expressed surprise and concern over the state of affairs of League and that they had lost confidence in the direction and stewardship provided by senior management. In particular, most of the parties who expressed such concern wanted a change in the nature and extent of involvement from the 2 co-founders, namely Adam Gant ("**Gant**") and Emanuel Arruda ("**Arruda**"). As a result of the foregoing concerns, the Process Order required the following steps be taken by League:

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- 6.1.1 Gant and Arruda were to be removed from all operational, executive and management responsibilities, except that Gant remains the Chairman of the Board of LAC;
 - 6.1.2 John Parkinson ("**Parkinson**"), CFO of LAC, was to become the Interim CEO of LAC;
 - 6.1.3 A search was to be undertaken to identify a candidate to be appointed CEO; and
 - 6.1.4 The Interim CEO and/or CEO shall keep the Monitor fully apprised in respect of League's operations.
- 6.2 The Process Order also gave the Monitor, in the name of and on behalf of the Company, the power to retain Gant as a consultant on terms to be agreed to by the Monitor.

Role of Gant and Arruda

- 6.3 Subsequent to the CCAA filing, Arruda has had no role with League; Gant remained the CEO and overall senior executive of League. Immediately following the Process Order being made, League took steps to practically, functionally and formally remove Gant and Arruda from all operational, executive and management responsibilities except that Gant remains the Chairman of the Board of LAC. The process for the removal of Gant and Arruda as directors, officers and trustees is substantially complete. The Monitor notes that Gant and Arruda were fully cooperative during this process.
- 6.4 Since the Process Order and the removal of Gant from any management involvement, the Monitor and League have held periodic discussions with him regarding the nature and extent of his possible role to assist League in its restructuring and ongoing provision of general consulting advice in light of his knowledge of the Company. Gant has assisted with various matters on an informal basis and has provided background information with respect to League's operations during this time, although no formal arrangement has been put in place and no remuneration has been paid for this cooperation and assistance.
- 6.5 At this time, League and the Monitor are of the view that the ongoing requirements for the assistance of Gant are unclear and will likely be project specific should they arise in the future. As a result, League and the Monitor will address the arrangements with Gant at that time on a specific basis. Gant has accepted this decision and remains cooperative.

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Replacement CEO

- 6.6 Immediately following the issuance of the Process Order, Parkinson was appointed as Interim CEO of LAC and the Monitor and Parkinson met to discuss the executive transition and cooperative arrangements to be put in place to deal with the enhanced powers of the Monitor as well as the removal of Gant from his various responsibilities. The Monitor notes that Parkinson has been thoughtful, committed and entirely cooperative in this process. The Monitor and Parkinson have developed an effective working arrangement to ensure that all of the operations continue, the Tangible Asset Properties are marketed for sale, and the restructuring is assessed, planned and effected.
- 6.7 The search for a new CEO has been undertaken separately and independently by both League and the Monitor. Representative Counsel has also been involved. Each has contacted parties that are known to it and have been contacted by numerous parties who have learned of the opportunity (including through certain of the Mortgage Lenders) and have expressed an interest in the role. While a formalized process consisting of retaining head-hunters or placing postings in job sites has not been commenced, the Monitor is satisfied that a significant number of parties have been considered for the role.
- 6.8 The candidates that were considered for the position consisted generally of two broad categories: people with experience and expertise as Chief Restructuring Officers (“CROs”); and people with more conventional senior management expertise in the real estate sector. As the current plan for League is to sell most of its income producing properties and to explore value enhancing strategies with respect to its development properties, expertise in the real estate development sector was more highly weighted in the process.
- 6.9 The Monitor makes the following comments about the search results to date:
- 6.9.1 There were several candidates that had solid CRO type expertise;
 - 6.9.2 Fewer candidates had direct real estate development expertise;
 - 6.9.3 The most attractive candidates were reluctant to commit to an engagement with League until greater certainty exists with respect to League’s future;

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- 6.9.4 There were fewer candidates that were prepared to leave their existing situations for this opportunity; and,
- 6.9.5 All of the candidates were expensive.
- 6.10 The Monitor also notes that, throughout this search process, Parkinson has performed very effectively in becoming knowledgeable in the role, advancing the restructuring, dealing with the overall management activities, assessing all of the assets and operations objectively, and making some tough decisions inherent in any CCAA proceedings. In this regard, the Monitor is pleased with the efforts and performance of Parkinson to date as the CEO, and has confidence in his ability to continue in the role for a further period of time.
- 6.11 Given the above, it is the Monitor's view that the status quo be maintained with Parkinson remaining as the CEO until such time as circumstances are appropriate to re-evaluate the needs and requirements of League. As such, in accordance with paragraph 6 of the Process Order, the Monitor has determined that the 60 day period set out therein for LAC to bring an application for the approval of a new CEO should be extended indefinitely.

7. CLAIMS PROCESS

Background

- 7.1 League has continued its restructuring efforts with a view towards its goal of developing a plan of arrangement (a “**Plan**”). Given the complexity of League’s organizational structure arising from the number of entities and contractual relationships, the existence of intercompany claims and cross collateralization of various loan obligations, the Monitor is of the view that a claims process should be developed and implemented at this time to facilitate the development of a Plan and the overall restructuring. It will allow the Petitioners, the Monitor and all stakeholders to have a more accurate picture of the liabilities and obligations of the Petitioners and will assist the parties in developing the next stage of the restructuring.
- 7.2 Pursuant to the Process Order, the Monitor has developed a claims process in consultation with League and Representative Counsel and is seeking approval of the Court of the claims process set out in the Monitor’s proposed claims process order (the

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"Claims Process Order"). Capitalized terms used but not defined in this section have the meanings set out in the Claims Process Order.

- 7.3 The nature of the anticipated claims by Secured Lenders and Investors was discussed in the Monitor's 4th report dated November 18, 2013. A summary of the types of claims is set out below for convenience:
- 7.3.1 Secured Creditors – this category is predominately comprised of 26 Mortgage Lenders which were owed approximately \$186 million at the Filing Date in respect of mortgages registered on title to the Petitioners' property. Other secured claims included unpaid property taxes and lien claims which were estimated to amount to approximately \$3.6 million and \$2.7 million respectively;
- 7.3.2 Unsecured Creditors – this category consists of approximately 460 trade creditors which are owed an estimated \$19.5 million. Other unsecured claims are expected to arise from claims by League Entities against other League Entities (**"Intercompany Claims"**), shortfalls experienced by Secured Lenders on the realization of their security, and claims arising from restructuring activities such as employee severance and contract termination amounts (**"Restructuring Claims"**); and,
- 7.3.3 Investor Claims – this category consists of claims arising from secured and unsecured notes issued to Investors as well as trust units issued by IGW REIT and limited partnership units issued by various limited partnerships. Based on additional work completed since the Monitor's 4th report, the Monitor estimates that 4,280 unique investor registrations exist and approximately \$370.4 million was received from these accounts.

Proposed Claims Process

- 7.4 In order to determine the Claims against League and its Directors, Officers and Trustees (who may in turn have indemnity or other claims against the Petitioners) as at the Filing Date in an efficient, fair and cost effective manner, the proposed Claims Process Order requires that all Claimants file a Proof of Claim no later than 4pm Pacific time on March 10, 2014 (the **"Claims Bar Date"**), with the following exceptions:
- 7.4.1 Employees with Claims relating to their employment with League (**"Employee Claimants"**) will be provided with a notice from the Monitor outlining the nature and quantum of their claims based on the books and records of League. Employee

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Claimants are required to submit a Notice of Dispute of Stipulated Claim by the Claims Bar Date only if they disagree with the Claim as outlined on the notice or if they wish to file an additional Claim;

- 7.4.2 Investors with Claims in respect of secured notes, unsecured notes, trust units and partnership units (“**Investor Claimants**”) will be provide with a notice from the Monitor, based on the books and records of League, that sets out the name of the investment, the type of the investment and the number of notes, trust units or partnership units held by or on behalf of the Investor Claimants but that does not ascribe a value to their Investor Claims. The Claims Process does not deal with the actual value of Investor Claims, which will be dealt with at a later date. Investor Claimants are required to submit a Notice of Dispute of Stipulated Claim by the Claims Bar Date only if they disagree with the information as to their holdings as outlined in the notice, or if they wish to file an additional Claim; and,
- 7.4.3 Claimants that hold Excluded Claims are not required to submit Proofs of Claim. Excluded Claims include balances secured by the Administrative Charge, the DIP Lenders Charge, and the Representative Counsel Charge. They also include Secured Mortgage Lender Claims, Claims for which League is fully insured or Claims described in Sections 5.1(2) and 19(2) of the CCAA.
- 7.5 It is the Monitor’s view that using a “negative option” claims process for the Employee Claimants and Investor Claimants will be of significant assistance in facilitating their participation in the CCAA proceedings and be more cost effective.
- 7.6 With respect to the Secured Mortgage Lender Claims, such claims were dealt with in part in the Process Order. The Secured Mortgage Lenders have been cooperating with the Monitor in providing updates to the Monitor regarding the quantum of their Secured Mortgage Lender Claims. In addition, the Secured Mortgage Lender Claims cannot be determined with certainty and finality at this time. Such Claims will be finalized in conjunction with the sale or other treatment of the relevant property.
- 7.7 General Claimants (who have General Claims including DO&T Claims and Restructuring Claims) must file a Proof of Claim by the Claims Bar Date in order to vote on any Plan and participate in any distribution. General Claimants who fail to file a Proof of Claim prior to the Claims Bar Date will be forever barred, estopped and enjoined from asserting or enforcing their Claim against League and any Claim or DO&T Claim will be forever extinguished.

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- 7.8 The Monitor's responsibilities under the Claims Process are generally as follows:
- 7.8.1 The Monitor shall send a Claims Package to all Claimants based on the last known addresses contained within League's books and records, publish a Notice to Claimants in the Globe & Mail and the Vancouver Sun and post the Notice to Claimants and the Claims Package on its website.
 - 7.8.2 The Monitor shall, in consultation with the Petitioners, review all Proofs of Claim and Notices of Dispute of Stipulated Claims and shall accept, revise or reject each Claim.
 - 7.8.3 In the event that a Claim is revised or disallowed by the Monitor, the Monitor shall send to the Claimant a Notice of Revision or Disallowance ("**NORD**"). If the Claimant disputes the NORD, then the Claimant must file a Notice of Dispute of Revision or Disallowance ("**NOD**"). If a NOD cannot be settled by the Monitor, it shall refer the dispute to the Court.
 - 7.8.4 It is proposed that the Monitor will file a report to the Court detailing the nature and quantum of the Intercompany Claims including claims by or against affiliates of League that are not Petitioners. The Monitor believes that identifying and quantifying Intercompany Claims is an important step in the CCAA proceedings. The Monitor intends to discuss the Intercompany Claims report with Representative Counsel and other significant stakeholders where appropriate. Depending on the results of the Monitor's investigation into Intercompany Claims, the Monitor may seek further directions of the Court with respect to the Intercompany Claims report at a later date.
- 7.9 Claimants are entitled to assign their Claims until 7 days prior to the date fixed by the Court for any distribution in the CCAA proceeding or any other proceeding, by delivering notice of the assignment to League and the Monitor.
- 7.10 League will be entitled to set off any distributions in respect of a Claim against balances owing to League from the Claimant.

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- 7.11 A summary of the activities and the timeline contained in the Claims Process Order (assuming the Claims Process Order is made on January 23, 2014 – the “**Order Date**”) is as follows:

Timeframe	Activity
February 3, 2014 (Order Date + 7 Business Days)	<ul style="list-style-type: none"> • Claims Packages mailed to Claimants • Notices to claimants published in newspapers and published on Monitor's website
March 10, 2014 (Order Date + 45 days or Claims Package mailing date +21 days for Restructuring Claims)	<ul style="list-style-type: none"> • Claims Bar Date
April 1, 2014 (Order Date + 16 Business Days)	<ul style="list-style-type: none"> • Monitor files report on Intercompany Claims
April 24, 2014 (Claims Bar Date +45 days)	<ul style="list-style-type: none"> • All Notices of Revision or Disallowance mailed
May 15, 2014 (21 days after NORD received)	<ul style="list-style-type: none"> • Notices of Dispute of Revision or Disallowance delivered to the Monitor

Additional League Companies

- 7.12 In developing the Claims Process, the Monitor and the Petitioners have worked closely with Representative Counsel to ensure that the Claims Process facilitates the participation of the Investors in the CCAA proceedings. As described in the 4th Report, certain Non-Filing Entities were used as RRSP investment vehicles to sell investments to third party investors. These RRSP investment vehicles were formed to make investment in certain entities within the League Group more tax efficient.
- 7.13 The Monitor is of the view that the Claims Process should also include Claims against certain of the Non-Filing Entities. Specifically, it is proposed that Investors in IGW Investments Ltd. (“**IGW Investments**”), IGW Investments 2 Ltd. (“**IGW Investments 2**”), League Cityzen Investment Corp. (“**LCIC**”) and League Cityzen Capital Corp. (“**LCCC**”, collectively with IGW Investments, IGW Investments 2 and LCIC, the “**Additional League Entities**”) should be Investor Claimants and participate in the Claims Process.
- 7.14 IGW Investments and IGW Investments 2 were formed by League to facilitate RRSP-eligible investment in IGW REIT. LCCC and LCIC were formed by League to facilitate RRSP-eligible investment in Colwood City Centre LP (“**Colwood LP**”).

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- 7.15 Investors who wanted to invest in IGW REIT or Colwood LP and who wanted their investments to be RRSP-eligible made investments through purchasing bonds, notes or equity issued by one or more of the Additional League Companies. The Additional League Companies in turn used the funds raised to acquire units in IGW REIT or Colwood LP. The Additional League Companies hold the units of IGW REIT and Colwood LP beneficially for their respective Investors.
- 7.16 As a result of the investments made through the RRSP investment vehicles, certain Investors will indirectly have a claim against IGW REIT and Colwood LP. , Each Additional League Company will have a Claim against IGW REIT or Colwood LP in the Claims Process in respect of the units it holds. That Claim will be held on behalf of the Investors who have invested in each Additional League Entity. In turn, each Investor in an Additional Petitioner will have a claim against that Additional Petitioner. If the Investors in the Additional League Companies do not participate in the Claims Process, each Investor in the Additional Petitioners will only have an indirect Claim against IGW REIT or Colwood LP.
- 7.17 The Monitor and League are of the view that the Claims Process should include Claims of Investors in the Additional League Companies to ensure that Investors who invested indirectly in IGW REIT and Colwood LP are treated in the same way as Investors who made a direct investment.
- 7.18 The Monitor and League are considering whether to propose to the Court that the Additional League Companies should be added as Petitioners in the CCAA proceedings at a later date.

8. SALE OF TSAWWASSEN PROPERTY INTEREST

Background

- 8.1 One of the filing entities, Tsawwassen Retail Power Center LP ("**Retail LP**"), owns an interest in a retail power center called Tsawwassen Commons, to be developed on lands owned by the Tsawwassen First Nation ("**TFN**").
- 8.2 Retail LP's interest consists of an investment in PDG Tsawwassen Investments Ltd. ("**PDG**") and an agreement between PDG and GVEST Tsawwassen Power Center LP ("**GVEST**") that PDG will act as the general partner of a limited partnership

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(the “**Development LP**”) to be formed to develop the retail center once a lease for the land is executed with the TFN (the “**Power Center Lease**”).

- 8.3 Currently, PDG has entered into a memorandum of understanding with TFN and Ivanhoe Cambridge Inc. to work cooperatively on planning the development and negotiating the Power Center Lease. Retail LP and GVEST agreed to fund the costs of PDG incurred to secure the Power Center Lease in return for ownership of PDG and limited partnership units in Development LP in proportion to the funding each provided to PDG. Ownership of PDG would transfer from its current owner once the Power Center Lease was executed.
- 8.4 Earlier in 2013, Retail LP's financial position was such that it could not advance funds to PDG to meet its funding obligations. Pursuant to a funding agreement, GVEST advanced additional funds to PDG in lieu of Retail LP making the advances. As at December 23, 2013 GVEST had advanced \$2,295,905 to PDG, while Retail LP had advanced \$758,532.
- 8.5 To date, the Power Center Lease has not been executed by PDG. As part of the process to secure the Power Center Lease, PDG has been seeking financing for the development of Tsawwassen Commons. Although a formal commitment letter has not been executed, an informal commitment for suitable financing has been received from Otera Capital on the condition that Retail LP's interest in the Development LP is removed.

Sale Agreement & Disposition of Proceeds

- 8.6 Retail LP entered into a sale and conveyance agreement (the “**Sale Agreement**”) with GVEST dated December 23, 2013. Pursuant to the Sale Agreement, Retail LP will transfer all its interest in PDG and the Development LP to GVEST in return for a payment of \$763,752. This represents a full return of the funds advanced by Retail LP.
- 8.7 Completion of the Sale Agreement is solely conditional upon the Court's approval of the Sale Agreement by January 24, 2014 and is deemed to occur upon receipt of the Court's approval.
- 8.8 Retail LP has no secured creditors other than the Charges arising from these CCAA proceedings so the proceeds from the sale of Retail LP's interest will be held in a separate bank account maintained by the Monitor pending further order of the Court.

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Conclusion

- 8.9 The Monitor recommends that the Sale Agreement be approved. Retail LP does not have the financial resources to fund further development costs and risks losing its investment entirely in the event that the Power Center Lease is not executed. In the Monitor's view, a sale of Retail LP's investment at a value in excess of the funds advanced to date is highly unlikely given that key conditions to the development, such as securing financing and finalizing the Power Center Lease, have not yet been met. As a result, a full recovery of its investment in Tsawwassen Commons is fair and reasonable and is likely more beneficial to creditors than a sale or disposition under a bankruptcy. In addition, due to the limited marketability of Retail LP's interest in the project, the Monitor is of the view that the sales process consisting of negotiations with GVEST that resulted in the Sale Agreement was reasonable in the circumstances.

9. FARMER CONSTRUCTORS INC. MOTION

- 9.1 Colwood LP and Colwood Sooke Developments Ltd. (collectively, "**Colwood**") are the owners of the lands upon which the Capital City Centre Project (the "**Colwood Project**") was under construction. Colwood retained Farmer Constructors Inc. ("**Farmer**") as construction manager for the Colwood Project.
- 9.2 Pursuant to section 5(1) of the British Columbia *Builders Lien Act* (the "**BLA**"), Colwood established a bank account (the "**Colwood Account**") to maintain the holdback funds (the "**Colwood Holdback**") retained from payments to Farmer. As of October 31, 2013, the Colwood Account contained the sum of \$1,319,177 (the "**Colwood Holdback Funds**"). Pursuant to the BLA, the Colwood Holdback Funds are trust funds held in favour of Farmer and its subtrades and suppliers.
- 9.3 The BLA provides that the holdback period expires (among other potential dates) 55 days after the improvement is abandoned. The BLA deems a project abandoned if no work has been performed for a period of 30 days. The Monitor understands that the last invoice on the Colwood Project was rendered October 25, 2013. Accordingly, the time for registering a lien or bringing a claim against the Colwood Holdback has expired. No liens have been registered on title other than the lien of Farmer, which does not include any claim against the Colwood Holdback. The Monitor understands that no claims have been commenced to enforce a claim against the Colwood Holdback.

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- 9.4 Farmer has brought an application returnable on January 24, 2014 seeking to have the Colwood Holdback Funds paid out in part to Colwood (\$98,094), and the balance to Farmer, for payment to the unpaid subtrades and suppliers of Farmer on the Colwood Project. In light of the foregoing, the Monitor does not oppose the application of Farmer provided that the proposed Court order, as requested in the Notice of Application, protects the Petitioners from any further potential liability with respect to the Colwood Holdback Funds.

10. CONCLUSION

- 10.1 The Monitor recommends that the Claims Process Order be approved.
- 10.2 The Monitor supports League's application to approve the sale of its interest in the Tsawwassen Commons development.
- 10.3 The Monitor does not oppose the application of Farmer provided that the proposed Court order protects the Petitioners from any further potential liability with respect to the Colwood Holdback Funds.

This report is respectfully submitted this 21st day of January, 2014.

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

**LEAGUE ASSETS CORPORATION, ET AL
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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.

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- 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.
- 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.

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- 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.
- 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

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- 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
- 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

**Cash flow results from November 18 to
December 31, 2013 and updated forecast to
June 28, 2014**

League Assets et. al.
Cash flow statement
For the period of November 18, 2013 to June 28, 2014

Receipts and Disbursements	November 18 to December 31, 2013			Updated forecast (\$)						Total updated forecast	Total actual + updated forecast (\$)	Original forecast (\$)	Variance (\$)
	Actuals (\$) ¹	Forecast (\$)	Variance (\$)	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14				
Corporate receipts													
Sale of assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Partners REIT:													
Unit dividend	206,183	-	206,183	-	-	-	-	-	-	-	206,183	-	206,183
Management fee	602,583	-	602,583	-	-	-	-	-	-	-	602,583	898,000	(295,417)
Other	1,265	-	1,265	-	-	-	-	-	-	-	1,265	-	1,265
	810,031	-	810,031	-	-	-	-	-	-	-	810,031	898,000	(87,969)
Corporate operating expenses													
Payroll	(1,101,885)	(856,255)	(245,630)	(406,860)	(230,026)	(157,692)	(130,930)	(104,219)	(167,970)	(1,197,696)	(2,299,581)	(3,750,683)	1,451,102
Rent	(114,637)	(185,064)	70,427	-	(14,000)	(14,000)	(14,000)	(14,000)	(14,000)	(70,000)	(184,637)	(465,064)	280,427
Office	(608,303)	(371,640)	(236,663)	(52,255)	(65,489)	(35,973)	(30,373)	(28,973)	(27,573)	(240,636)	(848,939)	(427,640)	(421,299)
Communications	(36,220)	(11,200)	(25,020)	-	(12,000)	-	(12,000)	-	(12,000)	(36,000)	(72,220)	(44,800)	(27,420)
Travel & meals	(74,536)	(28,493)	(46,043)	(29,600)	(17,000)	(17,000)	(17,000)	(17,000)	(17,000)	(114,600)	(189,136)	(109,312)	(79,824)
Information technology	(8,121)	(28,700)	20,579	(40,920)	(1,019)	(2,910)	(16,938)	(9,591)	(16,378)	(87,755)	(95,876)	(350,770)	254,894
Office equipment	(100,813)	(50,767)	(50,046)	(49,501)	(37,629)	(37,629)	(43,068)	(50,236)	(46,652)	(264,716)	(365,529)	(296,019)	(69,510)
Telephone & internet	(71,904)	(26,880)	(45,024)	(71,487)	(30,419)	(9,363)	(9,363)	(9,363)	(9,408)	(139,404)	(211,308)	(104,720)	(106,588)
Insurance	(240,791)	(119,063)	(121,728)	(40,881)	(40,881)	-	-	-	-	(81,762)	(322,553)	(478,662)	156,109
Utilities	(7,122)	(10,055)	2,933	(11,741)	-	-	-	-	-	(11,741)	(18,863)	(41,561)	22,698
GST remittance	(4,299)	-	(4,299)	-	-	-	-	-	-	-	(4,299)	-	(4,299)
	(2,368,631)	(1,688,116)	(680,515)	(703,245)	(448,463)	(274,567)	(273,673)	(233,381)	(310,981)	(2,244,310)	(4,612,941)	(6,069,231)	1,456,290
Corporate restructuring expenses													
Professional fees	(4,011,503)	(3,415,000)	(596,503)	(607,725)	(543,150)	(405,000)	(315,000)	(292,500)	(270,000)	(2,433,375)	(6,444,878)	(5,135,000)	(1,309,878)
DIP Interest & loan fees	(384,900)	(502,666)	117,766	-	-	-	-	-	(627,411)	(627,411)	(1,012,311)	(966,666)	(45,645)
	(4,396,403)	(3,917,666)	(478,737)	(607,725)	(543,150)	(405,000)	(315,000)	(292,500)	(897,411)	(3,060,786)	(7,457,189)	(6,101,666)	(1,355,523)
Net change in cash	(5,955,003)	(5,605,783)	(349,220)	(1,310,970)	(991,613)	(679,567)	(588,673)	(525,881)	(1,208,392)	(5,305,096)	(11,260,099)	(11,272,897)	12,798
Cash position													
Opening cash	1,263,562	1,275,386	(11,824)	5,308,559	3,997,589	3,005,976	2,326,409	1,737,736	1,211,855	5,308,559	1,263,562	1,275,386	(11,824)
DIP Borrowings ²	10,000,000	10,000,000	-	-	-	-	-	-	-	-	10,000,000	10,000,000	-
Net change in cash	(5,955,003)	(5,605,783)	(349,220)	(1,310,970)	(991,613)	(679,567)	(588,673)	(525,881)	(1,208,392)	(5,305,096)	(11,260,099)	(11,272,897)	12,798
Ending cash	5,308,559	5,669,603	(361,044)	3,997,589	3,005,976	2,326,409	1,737,736	1,211,855	3,463	3,463	3,463	2,489	974

Notes

¹ Actual includes amounts paid as at December 31, 2013 as well as accrued amounts for goods and services received as at December 31, 2013 but not paid.

² Amount reflects DIP Borrowings during the period. Total DIP Borrowings are \$11.6 million as set out below:

	(\$)
1 st DIP loan approved October 25, 2013	1,600,000
2 nd DIP loan approved November 22, 2013	10,000,000
	<u>11,600,000</u>