League Group
Report to Stakeholders

Prepared by PricewaterhouseCoopers Inc.
In its capacity as Court Appointed Monitor

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pwc

Michael Vermette
Senior Vice President
michael.j.vermette@ca.pwc.com
T: +1 (604) 806 7675

John McKenna
Senior Vice President
john.p.mckenna@ca.pwc.com
T: +1 (416) 941 8314

Neil Bunker
Vice President
neil.p.bunker@ca.pwc.com
T: +1 (604) 806 7209

PricewaterhouseCoopers Inc.
700 – 250 Howe Street
Vancouver, B.C. V6C 3S7
T: +1 (604) 806 7000

To the Stakeholders of
League Group

Dear Sirs / Mesdames:

Report to Stakeholders

This report is prepared for the stakeholders of the legal entities which include and are related to League Assets Corp. and its parent, League Assets Limited Partnership, and hereinafter collectively referred to as League.

There are many stakeholder groups of League. These include secured mortgage lenders, construction and trade creditors, suppliers, employees, landlords and Investors. The largest of League's stakeholder groups by number and dollar value are the 3,500 individual Investors. The Monitor's discussions with stakeholders, and through Representative Counsel, have yielded many questions and concerns regarding League's business and financial affairs and the causes of its financial difficulties that to date have not been answered in full. It has been premature to address many of these questions prior to this point as a result of the Monitor's ongoing investigations, the ongoing Claims Process, League's pursuit of several different restructuring options, and the Monitor's court ordered efforts to sell specific real estate properties, many of which were difficult to sell. The Monitor has now completed its review and most of the difficult to sell properties have been sold. League has also performed its work around exploring various restructuring options. Accordingly, the Monitor has prepared this report to provide stakeholders with the results of its investigation and responses to their questions.

We hope that you take time to read this report in its entirety as there is a significant amount of information to absorb and many of the points raised are interlinked with each other. The report is lengthy and contains graphs, tables and other analysis such that it is best viewed electronically or in colour paper copy.

Yours very truly,

PricewaterhouseCoopers Inc.
In its capacity as Court Appointed Monitor

Michael Vermette
Senior Vice President

John McKenna
Senior Vice President

Neil Bunker
Vice President

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Introduction

Basis of preparation

- This report has been prepared by PricewaterhouseCoopers Inc., in its capacity as the Court Appointed Monitor of League. The Monitor's work resulting in this report was performed over the period of these CCAA proceedings and this report has been prepared pursuant to section 23(1)(c) of the CCAA, which requires that the Monitor shall "make, or cause to be made, any appraisal or investigation the Monitor considers necessary to determine with reasonable accuracy the state of the company's business and financial affairs and the cause of its financial difficulties or insolvency and file a report with the court on the Monitor's findings."
- In preparing this report, the Monitor has relied upon League's books and records, its accounting records including audited financial statements, as well as discussions with the Founders, senior executives, management, staff and former employees, lenders, creditors, and Investors. We did not carry out an audit of League's financial statements or of the management information provided to us; however, we did take steps to assess the reasonableness of the information obtained.
- In conducting the work necessary to prepare this report, we found instances of transactions, business dealings and conduct that were concerning to us as Monitor. We did inquire into these types of activities to understand the background, which have been incorporated into our findings within this report. It was not our mandate to perform a forensic review; accordingly, such a review was not performed.
- A significant aspect of this report is the Waterfall Analysis, which provides stakeholders with an estimate of their current projected recovery from the asset realizations by Investment Entity as matters currently stand. The Waterfall Analysis has been prepared using actual and current estimated recoveries from asset realizations as well as admitted, contingent and disputed creditor claim amounts. Accordingly, the Waterfall Analysis is fluid with projected recovery rates which cannot be finalized or definitively relied upon until all asset realizations are completed, all creditor claim amounts are resolved and the LOF Noteholder application is determined.
- There are many defined terms used in this report. These defined terms are capitalized throughout the report. Please refer to the Glossary at the end of the report for a listing of defined terms to assist in the reading of this document.

Introduction
(continued)

Electronic navigation and viewing of this report

- We strongly encourage readers to review this report electronically as it is formatted as an 'active' pdf document which allows for direct navigation into sections and pages of the report as follows:

> **From any page** – click on the section title in the header navigation bar (above) to jump to the beginning of that section
>
> **From the Contents page** – click on the title of the section or sub-section to jump to that part of the report
>
> **From the contents listing on any section divider page** – click on the title of the sub-section to jump to that part of the report

- In addition to the benefits derived from the ease of navigation, we note that many of the graphics used in this report have been prepared using colour to highlight and emphasize key facts and figures. To optimize the full impact of the analysis and graphics presented in the report, it should be viewed electronically.
- Should the reader prefer to review this report in print format, then we recommend that it be printed in colour as the graphics will be greatly improved and assist with the comprehension.
- The report is fully functional in black and white print format.

Introduction
(continued)

Background on the CCAA proceedings

- On October 18, 2013, League was granted protection under the CCAA by the Supreme Court of British Columbia. PricewaterhouseCoopers Inc. was appointed as Monitor under the proceedings.
- Since the Filing Date, there has been a Court granted Stay of Proceedings in favour of League to give it protection from legal action. This stay currently extends to June 28, 2014.
- During the CCAA process:
  - League has continued to review and pursue its restructuring options; and
  - The Monitor has, amongst other things, conducted a Claims Process, completed investigations into several matters related to League, and has undertaken a court-ordered process to sell many of League's assets.
- As of the date of this report, several aspects of the CCAA proceedings are not complete including certain aspects of the Claims Process and the sale of remaining assets; however, matters are sufficiently advanced to enable the Monitor to provide this Report to Stakeholders.

Yellow Box/White Box Entities

- Throughout this report, reference is made to the terms Yellow Box and White Box Entities. The term Yellow Box Entities refers to the 105 entities which are included in the CCAA proceedings. The term White Box Entities refers to 65 entities that are related in some way to League but are excluded from the CCAA proceedings. Prior to the Filing Date, League did not distinguish between these two groups of entities in conducting its affairs (see Appendix 1 for the coloured organizational chart).
- At the onset of the CCAA proceedings, several stakeholder groups took issue with the distinction between the 2 groups. As a result, the Monitor was subsequently directed by the Court to conduct a review of the White Box Entities and to report on its review. The Monitor has completed its review of the White Box Entities and is satisfied that those entities were properly excluded from the CCAA proceedings, as those entities are not insolvent, have not provided guarantees to the Yellow Box Entities, and there are no arrangements where the White Box Entities are responsible for the obligations of the Yellow Box Entities.

Overview

Overview

League's founding vision

- The initial vision of League was to provide a vehicle for individual investors to pool funds to enable them to invest in revenue producing real estate opportunities that are typically only available to institutional or large investors.
- When League was founded in 2005 by Gant and Arruda, there was considerable interest in this type of investment. Real estate as a wealth generator was highly publicized in the media and real estate in North America specifically was a very well performing asset class at this time. The initial vision appears to have been sensible, credible in concept, and likely "on-market" as being attractive to investors. League was one of many real estate organizations that were formed during this time to capitalize on the interest in real estate opportunities.
- It is the observation of the Monitor that in 2005, Gant was in his mid 20's and Arruda in his early 30's. It appears that they did not have meaningful experience in key areas of real estate management, property development, financing, and administrative management. However, they appear to have been highly motivated to capitalize on real estate opportunities in the market.
- League grew very quickly from inception through to 2007. By the end of 2007, $83 million had been raised from Investors and 21 properties had been acquired (19 income producing properties and 2 development properties). Properties acquired were generally in secondary and tertiary markets and premium values would likely have been paid, as 2007 represented the peak of the real estate market prior to the financial crisis in mid-2008.

League departed from its initial strategy

- League modified its initial strategy. It raised additional capital and expanded into other business opportunities that did not generate immediate cash flow.
- In 2007, League began acquiring development properties that would require additional investment, as opposed to income producing properties that generated cash. League had limited experience in real estate development and as such relied heavily on third party property developers for direction, advice and execution.
- In addition to development properties, League also began acquiring non-property assets such as units in a publically traded REIT, mortgage backed securities, and providing mortgages on real estate assets such as golf courses and bare lands. Many of these investments were long term and not generating immediate cash.
- To facilitate additional capital generation and Investor interest, League established an internal wealth management division and acquired two external wealth management businesses (one based in Hong Kong and one in Toronto).

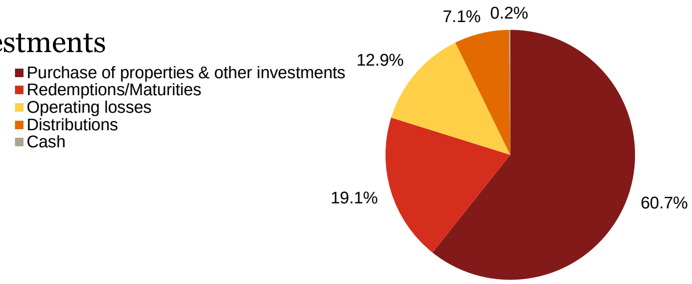
Overview

League actively pursued new Investors

- It appears that a key part of League's marketing and fund raising activities was to create a certain market image, which was conveyed through its coat of arms, grand offices and its portrayed belief in 'values and investors as friends' as a differentiator. This image appears to have been reinforced through regular monthly cash distributions to Investors.
- Through the history of League up to the Filing Date, League continued to pay Investor distributions on a regular basis despite a lack of cash flow to support these payments.
- In total from 2005 to 2013, League raised $493 million from Investors. League returned a net of $124 million to Investors through redemptions and pay-outs, but a balance of $369 million in Investor securities remained outstanding at the time of the CCAA, including amounts subject to unmet redemption requests.
- Prior to the financial crisis in mid-2008, League raised funds primarily through common equity units in limited partnerships or IGW REIT. After the crisis, fund raising through IPU and debt securities became more prevalent. In its marketing material, League highlighted the fixed return and increased security aspects to Investors of these IPU and debt securities; however, these obligated League to continue making distributions as opposed to the common equity units where distributions were discretionary.
- In effect, starting in 2008, League changed the fundamental form of Investor income to have a "fixed" rate of return paid to Investors on a regular basis. This change put more pressure on the cash flows of League at a time when League was investing in development properties that did not provide immediate cash flow.
- With the changed vision came a complex, unwieldy corporate structure that in many cases was poorly documented.

Only 61% of funds raised were invested in real estate or other investments

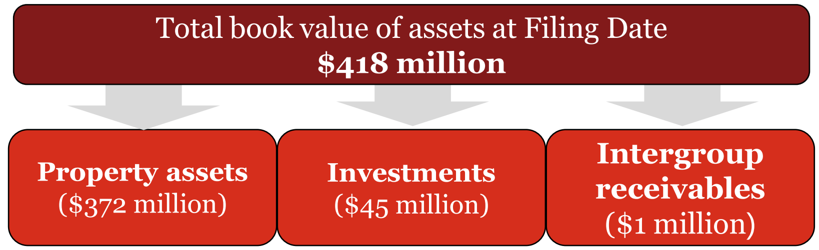
- In total, League raised $649 million in funds from lenders and Investors. The following is a summary of the uses of these funds:
  - $394 million used to purchase real estate properties or investments (at net book value);
  - $124 million used to return capital to Investors;
  - $84 million used to fund operating losses;
  - $46 million used to make distributions to Investors; and
  - $1 million held in cash.



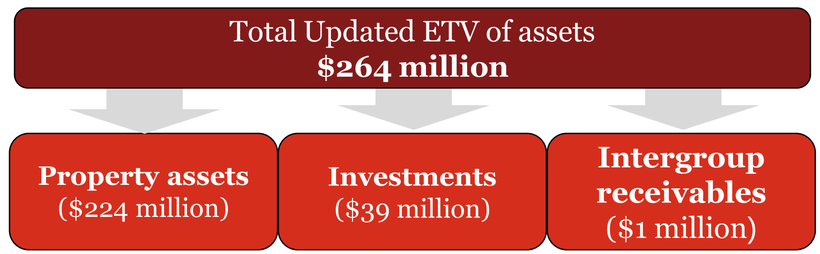
Overview

The estimated current market value of the assets turned out to be significantly less than League's accounting book value

- At the Filing Date, the book value of League's assets totalled $418 million.



- As at June 15, 2014, the Updated ETV of League's assets total $264million, $154 million lower than book value.



- There are several reasons for the $154 million difference between League's book value versus the updated ETV. The 3 most significant reasons are as follows:

  - *Properties (excluding Colwood)* – Many of League's properties were readily marketable; however, many of the properties had challenges (see on next page). The updated ETV of these properties is $40 million lower than the book value.
  - *Colwood* – An overview of the Colwood project is set out later in the Overview section; however, this property has an Updated ETV of $29 million, $108 million lower than the book value.
  - *Investments* – the Updated ETV of investments is $6 million less than book value. Investments include interests such as the Partners REIT units, Wealth management businesses, loans etc.

Overview

Challenges with properties

- At the Filing Date, League had 22 properties, including the Colwood development project (discussed on the next page). The book value of the 21 properties (all except Colwood) totalled $235 million.
- Certain of League's properties were good quality, were generating positive cash flows, and were reasonably financed. However, this was the minority of the total portfolio of properties. Most of the properties were located in secondary or tertiary markets and had significant deferred maintenance resulting in poor physical condition. In addition, some of the properties had unfunded property taxes, high vacancy rates, and property specific issues.
- Through the court ordered sales process, a review of each property was performed. Purchasers also performed detailed due diligence on the subject properties. The outcome of these reviews revealed aspects of the properties that both the Monitor and League's interim management found disappointing. It appears that the cash flow constraints that League was experiencing prior to the Filing Date prevented League from fully administering and maintaining its properties.
- It also appears to the Monitor that League had difficulties with its service providers (including environmental consultants, engineers, and property condition assessors) who were previously dealing with its properties as some of the due diligence findings by potential purchasers ought to have been identified by the service providers.
- Through the CCAA process, all of the properties will be dealt with (sold, carved out, or transferred to the secured lenders) and all but one will have realized a value less than the book value. In this regard, the Monitor notes that the general commercial real estate market in Canada was very weak over the time period of the CCAA proceedings. Of particular relevance, Canadian REITs are generally major buyers of commercial real estate in Canada; however, they have generally been out of the market over the past 6 months and not interested in many of League’s properties. As a result, there were fewer potential buyers for League's properties. When combined with the nature of League's properties, sales values for the properties were less than expected.
- In addition to the poor quality and condition of many of the properties, League mortgaged its properties to a very high level. Most of the properties had 2 mortgages, and some had 3 mortgages. Two high interest rate lenders had blanket mortgages on multiple properties to secure general loans made to League. As a result, League was highly leveraged and was paying high rates of interest. While there were some conventional mortgages at rates of 3% to 5%, the majority of mortgages were in the 6% to 11% range, with some as high as 14%. One of League's largest mortgages at the Filing Date had gone into default and was accruing interest at 18%.

Overview

Colwood was a major contributor to the failure of League

- Colwood was no ordinary development. It was intended to be a community changing project to be completed in 9 phases over 15 to 20 years, totalling more than 3.8 million feet of mixed use office, commercial and residential. Initial estimated development costs were in excess of $1 billion.

- League purchased the Colwood development site in 2007 (13.8 acres for $35 million), shortly before the global economic downturn in 2008. The updated ETV of this land 6 years after its acquisition is still lower than the purchase price.

- League commenced construction on the first phase of work in 2009, which was during the peak of the financial crisis. At the time construction began, League had no committed construction financing, limited property development expertise, and the project was located in a community that had never experienced a project of this nature or scale.

- The total book value investment in the Colwood development at the Filing Date was approximately $137 million, consisting of land acquisition cost of $35 million, development and construction costs of $55 million, capitalized interest of $44 million, and other costs of $3 million. For League's total investment of $137 million, the only current evidence of value at this phase of build-out are the pre-existing income producing strip mall, a sales centre, a half built parkade, and bare land.

- At the Filing Date, the Colwood development site had mortgage debt and secured Investor debt totalling $26.4 million. In addition, $100 million had been borrowed from other League entities to fund the Colwood project and $17 million of Investor equity had been raised.

- In the Monitor's view, the Colwood project was a high-risk venture, poorly executed, and is the single largest contributing factor to League's insolvency and liquidation.

Overview

Operations appear to have been profitable

- League's net operating income (before capital costs) was positive every year from inception. Over the 8 years from inception to the Filing Date, the net operating income totalled $59 million.

- However, the high cost of capital (capital servicing and equity issuance costs) combined with under-performing properties in the portfolio led to negative cash flow each year. At the Filing Date, interest rates on League's debt ranged from 3% to 18% per annum, which included 2 mortgages in default.

- Since inception, the Yellow Box Entities incurred net losses (after capital service costs) of $84 million, while the White Box Entities generated net profits (after capital service costs) of $45 million, yielding a combined net loss (after capital service costs) of $39 million.

- The above net loss (after debt service cost) is based on the book value of assets at the Filing Date. The total net losses will be much greater once the decline in market value of the assets are taken into account.

Distributions to Investors were not sustainable

- In each year from inception to the Filing Date, distributions to common equity unit holders exceeded cash flow available from operations and thus were not sustainable. This problem was accelerated and exacerbated by the movement to development properties and other non-income producing assets.

- The resulting cash flow shortfall appears to have been funded from new capital, from both high-interest loans from non-prime lenders as well as from new Investor monies. League began to sell IPUs in 2009 and debt securities in 2010, both of which found a ready market. By 2012, League was raising new capital predominantly through IPUs or debt securities. In 2012, League raised a total of $97 million from Investors, of which 48% were IPU and 37% were debt securities.

Overview

Intergroup transfers and cash pooling

- There are 170 entities in the League Group which League either owned, controlled or simply managed for a fee. The nature and characteristic of each of these entities created vastly different responsibilities and obligations for League. Notwithstanding these differences, League appears to have treated each of these entities in a similar manner, including with respect to intergroup asset transfers, cash pooling, and movement of funds within the entities.

- In many instances, Investors have informed the Monitor that they thought they were investing in a specific asset or group of assets; however, League regularly loaned or transferred funds to other controlled entities.

- The Monitor notes that many of League's limited partnership agreements provided that monies could be loaned to other entities or invested elsewhere; however, for example, IGW REIT was subject to a 15% investment concentration limit for any individual investment until it was eliminated in 2011 by a vote of the unitholders. Prior to 2011, League exceeded this limit in respect of 2 Investment Entities (Colwood and IGW Residential Capital).

- League had over 100 separate bank accounts; however, League pooled its cash for cash management purposes. Further, funds raised in one Investment Entity were often transferred to LAC or another Investment Entity to meet short term cash requirements. The Monitor notes that these transfers appear to have been properly accounted for in its records and accordingly, funds transferred were identifiable.

- Certain assets were transferred between League entities. In addition, Investment Entities often provided guarantees for third party loans received by other Investment Entities.

- Within League, IGW REIT became the lender for entities that could not fund themselves. In the latter years, it was the "glue" holding League together in the view of the Monitor. At the Filing Date, IGW REIT was owed $171 million from other Investment Entities. Further, the financial results of IGW REIT were affected by Intergroup asset transfers, with some of these transfers taking place at values that appear to have provided accounting gains to IGW REIT. In addition, LAC would collect fees (transfer fees and resulting higher asset management fees) on these intergroup property transfers.

- In summary, the transfer of assets between group entities with fees paid to other group entities, the group pooling of cash, and the incidences of one entity guaranteeing loans of other entities, appears to have been done without regard for the separate interests of the Investment Entities.

Overview

Limited controls existed

- During the life of League, it appears that its senior management team was relatively few in number and inexperienced in comparison to the size and complexity of the organization. In addition, employee turnover appears to have been high.
- Gant figured prominently in all decisions for League, from inception to the date he was removed from management following the Filing Date. This included activities such as fund raising, asset acquisitions and dispositions, due diligence, and selection of lenders/advisors. Arruda was also involved in decision making, however, he had taken a less active role shortly prior to the CCAA proceedings.
- There did not appear to be well defined policies and procedures around corporate governance. League also experienced such rapid growth that it simply grew without a defined strategic plan. As a result, corporate overhead expanded over the last few years of operations. In 2012, corporate overhead costs totalled $19 million and for the first 9 months of 2013, corporate overhead costs totalled $17 million (annualized at $23 million). Despite the growth in corporate overhead costs, there was no corresponding expansion of corporate governance for the benefit of stakeholders.
- It appears there was no active oversight board that developed corporate governance policies or imposed discipline on management. There were independent trustees of IGW REIT, but it is unclear to the Monitor whether these trustees provided or were requested to provide any specific direction or oversight to senior management. Although this governance structure was implemented for IGW REIT, a similar formalized structure was not established at the Investment Entity level. As a result, it appears the Founders operated with little or no oversight or accountability.
- In late 2012, League formed an advisory board, but it is unclear what role this board played over the final year prior to the CCAA. Regardless, it is the view of the Monitor that this function was ‘too little, too late’ in light of the rapid expansion of League and the hundreds of millions of dollars of capital under its control.

League had become overly complex and unwieldy by the Filing Date

- League was initially established as a basic limited partnership structure with the simple goal of acquiring income producing properties.
- It was a difficult and time consuming exercise for the Monitor to unravel the organizational complexity of the 170 entities in order to properly understand the underlying businesses realities. Although the remaining employees of League were of great assistance to the Monitor, the lack of proper, or in some cases any, relevant documentation severely hampered the Monitor’s efforts to understand the business and League’s underlying assets and liabilities, and the entitlements of the various creditors and Investors.

Overview

Founders – compensation and investments

- The compensation for Gant and Arruda was never defined and varied significantly from year to year. Calendar 2011 was the highest compensation level since inception for both: Gant ($775,000) and Arruda ($676,000). The 8-year average annual compensation paid to Gant was $395,000 per year, and for Arruda, $299,000 per year. Total compensation paid from inception to the Filing Date for the two Founders was $5.5 million.

- The Monitor acknowledges that stakeholders may find the quantum of compensation to be large given the challenged financial position of League. However, the Monitor notes that in the context of the scale of League, these amounts when taken in isolation, are not surprising despite the lack of customary oversight concerning executive compensation. In the Monitor's view, this level of compensation was not a significant contributing factor to the insolvency of League.

- League's stakeholders have asked about the nature of any direct or indirect benefits or compensation which may have been received by Gant and Arruda from League. It appears to the Monitor that the Founders have close business relationships with various parties who conducted business with League which heightens stakeholders' curiosity. A comprehensive investigation would be complex, time consuming and would potentially deplete investor recovery with an uncertain return. As a result, the Monitor has not completed a comprehensive investigation. However, the Monitor found no evidence of funds being diverted to Gant and Arruda for their direct personal benefit and any payments made by League for personal benefit were included as part of their compensation.

- Gant did not invest personal funds into League and Arruda invested less than $300,000. Relatives of Gant and Arruda did invest limited amounts in League and will lose funds just like many other Investors. Based on the Monitor's review of these investments, family members were not given preferential returns by League. Arruda and the family members of the Founders will be treated like all other Investors of League through the CCAA proceedings.

- Gant and Arruda cooperated with the Monitor's investigation into the activities of League and the compensation they received directly or indirectly through their holding companies and family trusts. Total compensation received by Gant and Arruda, as summarized by the Monitor above, was presented by the Monitor to the external personal accountant for the Founders. The Monitor was advised by the external accountant that the summary was complete based on information in their possession.

Overview

Liquidation provides the largest recovery for creditors and investors

- During the CCAA proceedings, the interim management of League spent considerable time evaluating all options to maximize value for stakeholders, including maintaining the status quo, preserving ongoing operations associated with income producing properties, partial liquidation of underperforming assets, and full liquidation. Ultimately, it was determined that an orderly liquidation of the assets would provide the greatest return with the most certainty to all stakeholders generally.

- With respect to the Colwood project, League and Cushman & Wakefield have spent 5 months during the CCAA proceedings investigating alternative potential development options to unlock value. However, League has established, with the concurrence of the Monitor, that there is no feasible way for League to continue with Colwood in order to generate value materially beyond the combined mortgage and secured Investor debt. League has cooperated with the mortgage lenders and the secured Investors, who have now taken over Colwood by court order and will be dealing with the property in a coordinated manner.

- By the end of June 2014, it is anticipated that League will have under contract for sale or completed the sale of all but 2 properties which are to be sold. With respect to these 2 properties, each has an Updated ETV significantly greater than the secured debt. The Monitor believes that transactions for these 2 properties can be achieved over the following 3 months. The Monitor is confident that the liquidation of these remaining properties will likely result in values that approximate their Updated ETVs (noting that market conditions can change).

- The total liquidation of League and the distribution to stakeholders is expected to be completed in the first quarter of 2015.

- In the view of the Monitor, the CCAA process has provided the following benefits to stakeholders:
  - Answers to creditors and Investors from a court officer in a consolidated court process;
  - Corporate overhead was reduced significantly and quickly to reduce losses and preserve value;
  - A comprehensive review and assessment by League, with the assistance the Monitor, of all plausible scenarios (including preserving ongoing operations, partial liquidation and full liquidation) to maximize value to all stakeholders;
  - Founders were removed from active management, which allowed the Monitor's investigations to take place uninhibited and allowed interim management to evaluate options and cooperate in the review; and
  - The stability of a comprehensive stay of proceedings provided "breathing space" and an optimal mechanism to deal with League's assets and maximize distributions to stakeholders.

Overview

Funds are proposed to be distributed to creditors and Investors based on Investment Entity

- The Monitor has prepared a detailed Waterfall Analysis to show the current projected flow of distributions to stakeholders. This analysis is contained in the detailed portion of this report and the results are presented in Appendices 4 to 8.

- All of the intergroup loans have been recognized in the Waterfall Analysis in the priority ranking as they exist.

- The net result of the current Waterfall Analysis can be summarized as follows:
  - Virtually all secured mortgage lenders are projected to be paid in full or satisfied through a release of the property (97% recovery);
  - Other secured creditors are projected to be paid $1.8 million (24% recovery);
  - Unsecured creditors are projected to receive $2.0 million (9% recovery);
  - 2 Investment Entities are projected to be carved out and preserved for the benefit of the Investors;
  - Overall average recovery for Investors is projected to be approximately 10%. Average projected recoveries for Investors holding secured notes and unsecured notes are 63% and 9%, respectively. Projected recoveries for Investors holding equity investments depend on the entity they invested in. $17 million in equity investments are projected to receive a recovery of 90% while $279 million in equity investments are projected to receive no recovery.

- The Waterfall Analysis is a very detailed and interconnected analysis. There are numerous assumptions contained therein and the Monitor has carefully considered each assumption and used its business judgement in making same. The model that has been developed to assist in this determination is extremely large and complex; the printout of the model is also voluminous. The Monitor has reviewed this model with League and the Representative Counsel.

- It is intended that prior to stakeholder distributions being made by League, interested parties will have an opportunity to discuss the Waterfall Analysis with the Monitor and League on an Investor conference call to be scheduled in July or August 2014. Interested parties will also have the opportunity to raise any concerns or objections to the Waterfall Analysis with the Court at any hearing to approve a distribution.

Overview

Conclusion

- League was established to provide a vehicle for individual investors to invest in revenue producing real estate opportunities. At the outset, League raised funds primarily through the issuance of common equity investments.
- League grew very quickly and soon departed from its original strategy, acquiring development properties (that required continued funding) together with other types of non-property assets, as opposed to income producing properties that generated stable cash flow.
- Coincident with its change in business strategy, League began raising funds through the issuance of income producing units and debt securities which obligated League to make ongoing cash distributions.
- It appears League lacked the necessary experience in large-scale real estate management, property development, financing and administrative management to oversee such a large and complex business.
- League's income properties were unable to generate sufficient cash flow to cover their high cost of financing and other obligations. The development properties required ongoing funding, putting a serious financial strain on League.
- In order to deal with its liquidity issues, League engaged in numerous intercompany transactions and pooled its cash. League did not respect the corporate structure and the separate interests of the individual Investment Entities, using any available cash to fund obligations throughout the League Group.
- From 2005 to 2013, League raised $493 million from Investors and $369 million in Investor securities remained at the time of the CCAA filing. It was hoped that the CCAA proceedings would provide an opportunity for the Company to restructure its affairs and to emerge as a viable business that would provide Investors with a chance to recoup the value of their investments. Despite the tireless efforts and commitment of interim management during the CCAA proceedings, League determined that an orderly liquidation of its assets would provide the greatest return with the most certainty to all stakeholders generally.
- The CCAA proceedings are projected to generate net proceeds of $235 million of which $193 million will benefit mortgage lenders and $42 million will benefit League's other stakeholders, namely other secured creditors, general creditors and Investors.
- The Monitor's intent is to work with interim management of League to effect an orderly liquidation and to monetize the remaining assets to distribute as much value as possible to League's stakeholders.

Building League

How did League begin?

League was formed in the fall of 2005. A total of $4.8 million was raised from Investors to fund the acquisition of 2 income producing properties.

In the early years, League raised significant amounts of capital from Investors for investment in income producing properties.

However, with time, League's investment strategy departed from investing in purely income producing properties to investing in relatively more risky development properties and other non real estate investments.

- League began in 2005 as a single limited partnership.
- The partnership was set up as a vehicle for individual Investors to pool funds and enable them to invest in small and medium size income-producing commercial real estate opportunities normally only available to institutional or large investors.
- In conjunction with establishing the first limited partnership, the Founders also set up LAC to be a separate management company to provide asset management services including but not limited to, raising additional capital, identifying acquisition opportunities and arranging debt financing. LAC charged a range of fees to the Investment Entities for its services.
- League initially raised $4.8 million from Investors in the form of limited partnership units to purchase 2 income producing properties worth $11 million.
- League began operating from the offices of a real estate agency in West Saanich, BC, moving shortly afterwards to its own modest office in the Oak Bay area of Victoria, BC.
- Over the course of 2005 and 2006, the Founders established 2 additional limited partnerships, bringing the total to 3. Through the 3 partnerships, League raised further funds from Investors and acquired an additional 10 income producing properties.
- In early 2007, the 3 limited partnerships were combined to form IGW REIT LP with a reported asset base valued at $71 million.
- At this time, League began to broaden its focus from just income producing properties and started acquiring development properties, as well as making investments loosely connected to real estate. Examples of these investments include:
  - The first of the Colwood properties was purchased in 2007 and the land now known as Anderson Crossing (located in North Vernon, B.C.) was purchased in 2008.
  - League raised funds from Investors to invest in mortgage backed securities (2009) and solar energy generating projects (2011).
  - In 2010, League began purchasing units of a publicly traded real estate investment trust, Partners REIT, and subsequently entered into a contract for the management of the REIT's portfolio (for which League received a management fee).
- In order to expand its capital raising activities, League moved into the wealth management business. It expanded its internal resources focused in this area, and in 2012, purchased 2 independent wealth management entities, Monarch based in Toronto and Harris Fraser based in Hong Kong. These 2 wealth management businesses were intended to support and expand League's internal capital raising activities.

Who were the individuals behind League?

League was founded by Adam Gant and Emanuel Arruda. Gant and Arruda had limited experience in real estate management, property development, investment management, administrative management and corporate governance matters.

By the time of the CCAA filing, Gant was as the senior executive of League.

The Founders

At the time that League was formed in 2005, Adam Gant was in his mid-20s and Emanuel Arruda was in his mid-30s. Gant and Arruda had limited experience in real estate management, property development, investment management, administrative management, and corporate governance matters.

- The Monitor understands that both Gant and Arruda were active in the day to day operations throughout the early years of League. By the Filing Date, however, it appears that Gant was acting as the senior executive of League and Arruda's involvement had declined substantially.
- Gant and Arruda each played different roles in the management and development of League. Arruda was active in the development of the Blue Book and the marketing of League and its investments. Gant was more active with the sourcing of real estate opportunities, financing, cash flow management, acquisitions and managing the development or redevelopment of the properties.

The Management team

At the Filing Date, League's management team consisted of several long-term employees and some relatively new hires. Based on discussions with management, League's rapid growth in its early years strained its relatively inexperienced management team while the Founders controlled most of the key decision making.

Over time, League began to recruit more experienced individuals to its management team including additions made to the property development and finance teams within the year prior to the Filing Date.

The newly hired property development and asset managers faced significant challenges as they inherited League's property portfolio which had numerous issues to manage.

Additions to the finance team found a lack of sound financial management practices that would be expected in an organization the size of League. They also arrived to find an organization that was planning to go public.

One of the additions to the finance team was John Parkinson, who was hired in September 2012. Prior to joining League, Parkinson was the CFO of various public companies and prior to that, he worked at an international accounting firm. As Parkinson had public market experience, he was hired to guide League in its "go public" initiative and to be the CFO of the "soon to be" public company to be known as League Financial Partners Inc.

Prior to the CCAA filing, Parkinson had no involvement in financing and cash management and only limited involvement with day to day operations, financial reporting, or management of League; he was focused on the public offering. As a result, Parkinson had little involvement with League's operational activities leading up to the Filing Date.

What was League's vision?

In the beginning, League's vision appeared to be sensible and credible: to pool capital from individuals to allow them to participate in the commercial real estate market.

League's early success allowed management to seek additional goals which were focused on growing League's investor base and expanding operations outside of Canada. In an effort to achieve its goals, League invested heavily in people and infrastructure, including moving to a larger head office and building IT infrastructure capable of servicing multiple offices and up to 800 employees.

- League's rapid growth in its first years of operation allowed management to recast its vision for League. The original vision of making acquisitions of income producing commercial real estate available to average Investors gradually expanded.
- In 2009, League purchased a larger corporate head office and undertook a renovation which took over 2 years to complete. This new well appointed office space would be a statement to what League's brand and image represented to potential Investors and clients while having the capacity to accommodate an increasing number of staff.
- League's new vision was shared with employees in the fall of 2011, a copy of which is reproduced in the image to the right.
- League also invested heavily in the infrastructure it believed was necessary to achieve its vision and strategic goals. This included:
  - Creating a high-end, multi-office IT infrastructure capable of supporting more than 800 employees;
  - Creating and maintaining over 180 website domain names for different marketing purposes; and
  - Maintaining large blocks of phone numbers in sequence in anticipation of future employee growth.

LEAGUE

League's Big Hairy Audacious Goal

By December 31, 2020, together through League, we will:

1. Support **100,000 Member-Partners** in fulfilling their Intergenerational Wealth™ Goals
   - **IGW Goal 1**: Help our MPs **double their investment income** from start with League in **5 years**
   - **IGW Goal 2**: Help our MPs grow and maintain enough **investment income to cover 100% of their basic living needs**
2. Have Member-Partners in these countries
   - 40,000 in Canada;
   - 20,000 in Country A;
   - 20,000 in Country B;
   - 10,000 in Country C;
   - 10,000 in Country D
3. Driven by League's Vision and Purpose, employees rate our company Canada's Best Place to work bar none, as **measured by the Net Promotor Score** ("How likely are you to recommend working for League to a friend or family member?")
4. **Donate $5 million per year** or more through the League Foundation to humanitarian efforts. (5% of net profit).

Source: League's internally prepared informational document that was circulated to employees via email to communicate the vision and goals of the Company.

How did League attract Investors?

League sought individual Investors who appeared to place a high value on trust, relationships and who identified with League's image of success.

Existing Investors were a primary source of referrals.

Most of League's marketing activities were "grass roots" based.

League maintained a history of regular distributions.

The League brand and appeal

- One aspect of League's marketing strategy was to portray an image of success. This was conveyed in part through League's coat of arms, its well appointed offices and its portrayal of 'old school' values. League's brand appears to have appealed to Investors who placed a high value on trust, relationships and identified with an image of success.

Marketing activities

- League employed various methods to market itself and promote its investments. For example:
  - In its early years, it paid commissions to individuals and firms who referred Investors;
  - Maintained its web-site inquiries which yielded numerous contacts who were in turn sent League's Blue Book which promoted its investment and wealth management ideals;
  - Advertised in various magazines and newspapers (i.e. MoneySense) with the caption "come and invest with us and earn up to 15%"; and
  - Despite spending over $7 million in advertising related costs between 2005 and the Filing Date, one of the best sources of new Investors was through the referral of family and friends of existing Investors.

Established history of distributions

- In addition to promoting its image, values and ideals, League maintained a record of making regular cash distributions to Investors.

Ongoing communication with its Investors

- League provided informal updates to its Investors through a quarterly newsletter called the "State of the Units" and would email Investors when a property was sold or, in some cases, there was a noteworthy change to the property.
- If new investments were offered, Investors would be contacted by email and through telephone calls to advise them of these opportunities.
- Financial statements were provided to the Investors annually through an email link.

How much money was raised and when?

The graph on the right depicts the amount raised from Investors by year and by the type of instrument.

In total, $493 million was raised from Investors, of which $369 million was still invested as at the Filing Date.

League experienced strong demand for its common equity units prior to 2009.

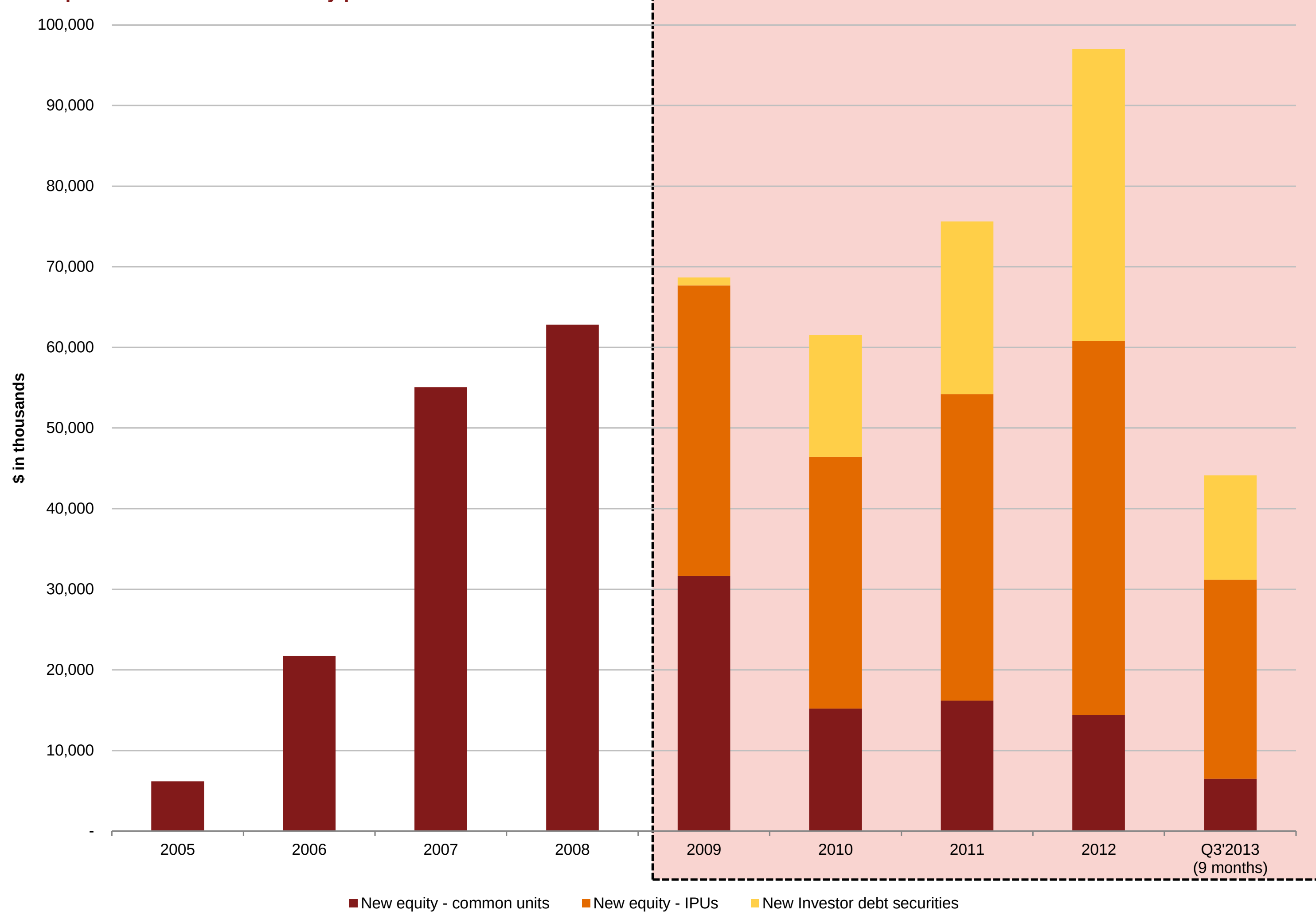
As shown in the highlighted area, from 2009 onwards, new funds were primarily raised in the form of:

- *Income Priority Units (IPUs); and*
- *Debt securities.*

This Investor capital was supplemented by non-Investor mortgage loans to fund the acquisition of properties and to support cash flows.

	2009	2010	2011	2012	Q3-13 (9mths)
% Common units	46%	25%	21%	15%	15%
% IPUs	53%	50%	51%	48%	56%
% Debt securities	1%	25%	28%	37%	29%

New capital raised from Investors by period



Source: League's books and records

Did the Founders personally invest in League?

Gant did not have any personal investments in League.

Arruda had personally invested $290,000 into various League investments.

Gant

- The Monitor understands that Gant did not make any direct investments into League.
- Gant owns 30% of LALP, the parent entity to all the Corporate Entities. This was his initial ownership interest and does not exist as a result of any cash investment by Gant.

Arruda

- Arruda held investments totalling $290,000 at the Filing Date in his name and in the name of Arruda Holdings Ltd.
- Arruda also holds a 30% interest in LALP, which was also his initial ownership interest and does not exist as a result of any cash investment by Arruda. In addition, he made other investments as detailed below:
  - Arruda made a $50,000 investment in Miracle Mile LP in 2010 which was subsequently redeemed as the property to be acquired was not purchased.
  - Arruda enrolled in the distribution re-investment plan and all distributions on his investments were re-invested. Arruda did not receive any redemptions of principal in respect of these investments held at the Filing Date.
  - Arruda invested $102,000 in White Box Entities. Arruda will receive no recovery on his investments in IGW REIT or IGW Capital Ltd. but he will receive a recovery for his investments in IGW Segregated Debt 2 LP.

The Founders' investment in League

	Yellow Box Entities *	White Box Entities *	Total invested	Current estimated recovery
Gant				
	No investments			-
Arruda Holdings Ltd.				
IGW REIT	175,000	-	**175,000**	0%
IGW Seg. Debt 2 LP	-	89,229	**89,229**	100%
Arruda				
IGW REIT	12,919	-	**12,919**	0%
IGW Capital Ltd.	-	13,000	**13,000**	0%
Total	**187,919**	**102,229**	**290,148**	

* Values as at October 18, 2013

Source: League's books and records

Other closely connected investments

- LAC and LOF have loaned over $2.5 million to Green Tree, which is not part of League. Green Tree was expecting to complete a series of transactions that would result in 1 of the Green Tree companies, GCMC, becoming the asset manager for a public company.
- Gant beneficially owned 17% of GCMC until after the Filing Date when Gant's interest was disposed of. A member of League's advisory board owned 50% of this same company.
- In September 2013, LAC forgave approximately $1 million in accrued interest owing from one of the other Green Tree companies leaving approximately $1.5 million owing primarily to LOF.
- League has not determined the recoverability of the investment in Green Tree with any degree of certainty. The LOF Noteholders have also brought an application seeking, among other things, recovery of amounts invested by LOF in Green Tree.

Did relatives of the Founders invest in League?

Yes, approximately $465,000 was invested by relatives of the Founders.

The current estimated recoverable value for all of these investments is $24,000.

Investment activities

- Relatives of the Founders did invest in various League investments as shown in the table beside.
- Gant's wife invested $95,000 in one of the early investments, Cygnet LP, in 2005, which was sold to a third party in 2009.
- Other investments were made by Gant's parents and in-laws and small investments were made by parties related to Arruda.
- The Monitor did not find any evidence that investments held by related parties were redeemed during the three months prior to the Filing Date.
- At the Filing Date, relatives of the Founders held investments totalling $465,000.

Estimated recoveries

- Relatives of the Founders are expected to suffer significant losses consistent with other investors. Total current estimated recovery on these investments based on the Waterfall Analysis is $24,000.

Investments of related parties to the Founders as at the Filing Date

	Yellow Box Entities*	Current estimated recovery
Gant's father-in-law		
IGW REIT	103,126	-
League Assets LP	50,000	2,750
	153,126	**2,750**
Gant's parents		
Colwood	80,000	-
IGW REIT	76,877	-
League Opportunity Fund	50,000	16,170
League Assets LP	100,000	5,500
	306,877	**21,670**
Arruda's ex-wife		
IGW REIT	1,379	-
Arruda's parents		
IGW REIT	1,567	-
Arruda's cousin		
IGW REIT	1,917	-
Total	**464,866**	**24,420**

* Values are as at October 18, 2013

Source: League's books and records and PwC analysis

When were the properties acquired and sold?

League acquired and controlled 40 properties from inception to the Filing Date: 35 income producing properties and 5 development properties.

The rate of net property acquisitions dropped dramatically after 2008.

The following 3 years (2009 – 2011) there was minimal activity.

League disposed of 17 income producing properties in the 22 months prior to filing.

See Appendix 2 for a full detailed listing of the property acquisitions and dispositions.

Income producing properties

	2005	2006	2007	2008	2009	2010	2011	2012	2013[1]	Total
Acquisitions	5	7	7	9	1	2	1	2	1	35
Dispositions	-	-	-	-	-	(1)	-	(6)	(10)	(17)
Net	5	7	7	9	1	1	1	(4)	(9)	18

Development properties

	2005	2006	2007	2008	2009	2010	2011	2012	2013[1]	Total
Acquisitions	-	-	2	-	-	-	1	-	2	5
Dispositions	-	-	-	-	-	-	(1)	-	-	(1)
Net	-	-	2	-	-	-	-	-	2	4

[1] 2013 is reflective up to the Filing Date.

Besides properties, what else did League own?

League owned a number of non real estate investments, which did not appear to fit with its core business of income generating real estate.

- Besides properties, League acquired or made investments in assets that do not appear to be in keeping with its original core business. These assets include:
  - Ownership interest in a publicly traded real estate investment trust (Partners REIT);
  - Ownership interest in and loans to a golf course;
  - Loan to a sailing centre;
  - Investments in solar energy projects;
  - Ownership interest in a company that leased equipment;
  - Mortgages and loans to individuals; and
  - Ownership interests in wealth management firms.
- With the exception of the acquisition of the 2 wealth management firms, which acquisitions were derived out of League's strategic goal of increasing its investor base, it appears that these investments were opportunistic in nature. League did not pursue a consistent mix of real estate assets and in the view of the Monitor, was unable to realize material synergies in its operations as a result of the differing nature of its assets.

How complex had League become?

By the Filing Date, League had a large and complex organizational structure.

The large number of lenders, Investor Entities, and assets combined with the extensive Intergroup flow of funds, poor documentation, and competing interests made League difficult to understand and unwind.

- League was initially established as a basic limited partnership structure with the simple goal of acquiring income producing properties.
- As League began to expand in size and scope, the corporate structure became increasingly complex, unwieldy and complicated. This additional complexity was often poorly documented, and was seemingly created in an ad-hoc manner.
- A large and complex group of legal entities was in existence by the Filing Date. Also, there were 28 separate property specific mortgage lenders, various kinds of debt and equity investments, and other creditors asserting unsecured, secured and preferred interests in League's property. In addition, there were extensive Intergroup flows of funds. It was unclear to many outside of League which entities they were in fact conducting business with, which became an issue in the CCAA proceedings.
- It was a difficult and time consuming exercise for the Monitor to unravel the complexity in order to properly understand the underlying businesses realities. Although the remaining employees of League were of great assistance to the Monitor, the lack of proper, or in some cases any, relevant documentation severely hampered the Monitor's efforts to understand the business and League's underlying assets and liabilities, and the entitlements of the various creditors and Investors.

Corporate governance

Who was in control at League?

The Founders had full legal and operational control, which was effectively and practically unrestricted.

There was no effective independent oversight of the Founders.

There was minimal accountability of the Founders built into the limited partnership agreements.

League's complex organizational structure provided the Founders with legal control

- League's 170 legal entities are either Corporate Entities owned and controlled by the Founders, or they are Investment Entities.
- LAC provided all asset management functions to the Investment Entities (refer to page 58 for the grouping of these entities).
- The Investment Entities are typically limited partnerships where Investors acquired limited partnership units. Each Investment Entity is controlled by a unique general partner through a limited partnership agreement. The general partner is a corporation, owned and controlled by a Corporate Entity. The limited partnership agreements provided the general partner with discretion to engage an asset manager and set its remuneration.
- Each general partner entered into management agreements with LAC. The general partner and LAC were both controlled by the Founders. The general partner or LAC could not be replaced without a special resolution of the limited partners.
- IGW REIT is also managed by LAC pursuant to the Trust declaration and a master management agreement.
- This organizational structure gave control to the Founders over all the Investment Entities in addition to the Corporate Entities. This concentration of control gave rise to potential conflicts of interest between the Investment Entities themselves, and between Investment Entities and the Corporate Entities.

Operational control of League was concentrated in the Founders

- Management and control of League was in the hands of the Founders, as they were the directors of the general partners which effectively controlled the development, strategy and the growth of the business.
- Based on the Monitor's interviews with current and former employees, the growth in League's operations outpaced its ability to maintain a fully functioning company with an experienced management team. It appears that, through its period of growth, League's management team lacked the appropriate depth of knowledge, skills or the authority to function effectively. Most business decisions were made by one or both of the Founders right up to the Filing Date.

There was limited oversight

- The limited partnership agreements and investment guidelines provided broad discretion to the general partners (in effect LAC). Reporting requirements to Investors were typically limited to annual reporting of audited financial statements.
- IGW REIT's trust declaration provides that at least 3 Trustees be appointed and one-half of the Trustees be appointed by LAC. Investment guidelines were broad and reporting requirements to Investors were limited to audited financial statements and other disclosures required by statute and as disclosed in published OMs.

How were investment decisions made?

Limited due diligence appears to have been conducted by League on investment opportunities and reliance was placed on third party development managers.

Most investment decisions appear to have been made by Gant.

Investment decisions prior to September 2012

- Arruda was principally responsible for marketing while Gant focussed on dealing with properties and other investments. Both were involved in sourcing Investor capital.
- Most of League's investment opportunities were sourced by Gant or through third party development partners who identified opportunities and "pitched" them to League for financing. If the opportunity was ultimately funded by League, the development partner would earn a fee to finalize the development planning, manage the development process and lease the property.
- League's real estate development team was small in size, limited in experience and challenged by League's rapid growth. As a result, the due diligence appears to have been light and often heavy reliance was placed on the development partner sourcing the opportunity.
- It is the Monitor's view that reliance was placed on the investment analysis performed by the third party development manager despite the fact that the development manager had a vested interest in sourcing League's capital. Furthermore, given that the development manager did not take an ownership position in the project, there was little incentive for the development manager to ensure that its analysis was thorough and reached the proper conclusions.
- Based on interviews conducted by the Monitor, investment decisions were principally made by Gant.

Investment decisions after September 2012

- In late 2012, League began to hire more experienced staff to form a dedicated development team. Based on interviews conducted by the Monitor, the new staff discovered significant issues with the processes previously employed by League to evaluate and manage current properties and new opportunities.
- The new staff set out to improve League's operations and establish, among others, a more rigorous project evaluation process. By this time, however, League was experiencing capital constraints and the properties that contributed to League's financial failure had already been acquired.
- Since the hiring of new staff, 3 projects were evaluated and only 1 was acquired (Jesken).
- Final decisions on investments continued to rest with Gant, although more due diligence and analysis appear to have been conducted.

Did League follow good financial management practices?

League's financial management practices were deficient.

League lacked the ability or discipline to ensure that its loan documentation was adequately prepared and maintained.

Without proper business planning and the development of financial projections/budgets, League had limited corporate control over expenditures other than the availability of cash.

The state of League's records was poor and the extent of management reporting was weak

- The Monitor notes that League appropriately maintained its accounting records and its annual financial statements were audited. There were, however, delays in the completion of annual audits and at the Filing Date, the audit for 2012 for 5 of the Investment Entities was not completed.
- While accounting records were maintained, the Monitor notes that it found significant deficiencies with respect to the corporate records, such as loan documentation. The Monitor also notes that interim management often had difficulty finding detailed support and documentation for many transactions.
- League's accounting team produced limited management reporting to support decision making. Reports were produced by third party or in-house property managers at the property level. However, management reports at the corporate level or group level were ad-hoc at best.
- League's books and records often lacked sufficient support for financial transactions or balances. Examples of this lack of support and documentation include:
  - Insufficient documentation relating to Intergroup loans as outlined in the Monitor's 12th report dated March 31, 2014; and
  - No documentation relative to investments in Green Tree. League's accounting records provide evidence that over $2.5 million was advanced to Green Tree but no loan documentation can be found. Prior to the CCAA, Gant owned 17% of Green Tree, which the Monitor understands has been disposed of.

League lacked fiscal controls

- No comprehensive budgets or financial projections were prepared at the corporate level or at the Investment Entity levels.
- Budgeting was limited to the individual property level but this was inadequate to drive proper business decisions at the Investment Entity level (i.e. IGW REIT) or the corporate level (i.e. LAC).
- In the view of the Monitor, the lack of budgeting at the corporate level, together with the lack of corporate governance, created an environment that disregarded proper fiscal controls.
- Business decisions to acquire Monarch and Harris Fraser were made within one year of the Filing Date. Each of the purchases required initial payments plus future payments towards the purchase price. Had League developed appropriate financial projections, it may have determined that the acquisitions could not be adequately funded.
- It appears to the Monitor that League spent what was necessary to achieve growth, without regard to the source of the cash required to fund the commitment. The relative ease with which League had been able to raise capital may have contributed to this type of spending.

Did League honour Investor interests?

League regularly favoured group interests at the expense of specific Investment Entity interests.

League's organization structure gave rise to apparent conflicts of interest

- The unilateral control by LAC of all the Investment Entities gave rise to a minimum of 2 apparent conflicts of interest:
  - Between Investment Entities – one Investment Entity benefiting over another Investment Entity from a decision made by LAC; and
  - Between LAC (including other Corporate Entities) and the Investment Entities, whose economic benefits were for the account of Investors.

League appeared to manage its business as a group without regard to the issue of apparent conflicts

- League appears to have developed its organization so that it could exercise control over the group as a whole and sought to build in provisions within limited partnership agreements with few restrictions, which gave broad discretion to LAC. This provided virtually complete control to LAC. For example:
  - Many limited partnership agreements disclosed that: LAC had other Investment Entities it managed; provided LAC broad discretion on investment decisions; and, provided LAC (i.e. Gant & Arruda) explicit authority to resolve the conflicts.
- Most of the limited partnership agreements do not prohibit Intergroup lending. This gave League the ability to treat the various Investment Entities as a common pool of investments from a cash management perspective.
- LAC arranged for amendments to IGW REIT LP's limited partnership agreement to remove restrictions on the concentration of investments in 2011. This amendment was approved by unitholders. Subsequently, IGW REIT continued to increase its investment in Colwood.

League favoured the group at the expense of individual Investment Entities

- Some of these decisions, which are discussed in detail on the following pages, are:
  - Intergroup loans from IGW REIT to other Investment Entities were made in an effort to advance the interests of the other Investment Entities, however, they proved to be detrimental to IGW REIT;
  - Pooling cash among the League Group;
  - Transferring assets between Investment Entities appeared to favour group interests without regard to the interest of individual Investment Entities; and
  - Adjusting LAC's management fees to fund its growing overhead costs.

Did League honour Investor interests?

(continued)

IGW REIT became the lender for many Investment Entities that could not secure financing in the market.

IGW REIT was in breach of its investment guidelines at the end of 2010 until the unit holders agreed to remove investment caps in May 2011.

League pooled cash for cash management purposes.

Intergroup lending and guarantees

- IGW REIT became the "lender of last resort" for many Investment Entities. Examples include:
  - Project financing could not be obtained for the Colwood development, so IGW REIT provided funding through an unsecured loan. IGW REIT's advances were speculative given the high risk nature of Colwood, yet interest revenue was recognized in its financial records with little assurance that it would ever be collected. This funding benefited the Colwood stakeholders at the expense of the IGW REIT Investors; and
  - IGW REIT provided loans to Redux Duncan City Centre LP, IGW Residential Capital LP, and North Vernon Properties LP when these entities incurred budget over-runs on their development activities.
- Various Investment Entities provided guarantees to lenders of other Investment Entities. The Monitor is not aware as to whether consideration was given to the implications to the Investment Entities (or their Investors) that provided these guarantees.

Cash pooling

- League pooled its cash for cash management purposes.
- Based on the Monitor's review of cash transactions, it is clear that funds raised in one Investment Entity were often transferred to LAC or another Investment Entity to meet short term cash requirements. For example, over $2 million of Investor funds invested in the Stoney Range Industrial LP were transferred to LAC in mid April 2013, only to be returned on April 30, 2013 to fund the purchase of the Stoney Range property.
- This cash management practice amounts to co-mingling of funds despite the existence of separate bank accounts, and is contrary to the provisions of all the limited partnership agreements.

Additional potential breaches of limited partnership agreements

- Prior to May 6, 2011, IGW REIT LP was restricted to investing no more than 15% of IGW REIT LP's equity in any one investment. As at the end of 2010, this cap was $14.2 million.
- At December 31, 2010, IGW REIT LP had exceeded its investment cap for the following two Intergroup investments:
  - $46 million in loans to Colwood City Centre LP; and
  - $24 million in loans to IGW Residential Capital LP.

Did League honour Investor interests?
(continued)

IGW REIT recorded a $2.1 million gain on the Intergroup transfer of Chimney Springs and Rosewood Towers.

By 2012 IGW REIT had written off nearly $28 million in loans to IGW Residential Capital LP.

The basis for valuation of certain property transfers does not appear supportable

- League completed certain transfers of properties within the League Group – most of which involved the IGW REIT.
- The basis of valuation for the following transfers do not appear to be supportable and served to benefit one group of Investors and prejudice others.

IGW Residential Capital LP

- In late 2008/early 2009, the Chimney Springs properties and Rosewood Towers were transferred from IGW REIT to IGW Residential Capital LP, a newly formed Investment Entity.
- Chimney Springs and Rosewood Towers were residential apartment buildings that were not servicing their debt obligations from their current rent rolls at the time of the transfer. League planned to redevelop these buildings into strata lot condos and sell the strata lots, expecting it would significantly increase their value.
- In order to ascribe a price for the transfer of the buildings within the League corporate structure, League obtained appraisals on 2 bases:

  1) in their current form as residential apartment buildings; and

  2) as strata lot condominiums.
- League used the mid-point between these 2 values to transfer the properties. This resulted in IGW REIT recording a $2.1 million gain on the sale of the properties.
- The use of the mid-point value and the resultant gain did not likely reflect third party market values. It is unlikely that the mid-point value would have been paid by any reasonable third party purchaser who was to be responsible for their development.
- Approximately $2.6 million was raised from Investors on the basis of these redevelopments and those of 2 other properties.
- Ultimately, there was insufficient capital to develop the properties and IGW REIT advanced further funds to IGW Residential Capital LP to help fund losses.
- In 2011 and 2012 IGW REIT wrote off a total of $28 million of loans to IGW Residential Capital LP.

473 Albert St. LP

- IGW REIT acquired 473 Albert St. LP (Trebla property) in December 2009.
- This acquisition was completed at a "deemed" value of $30.7 million, when the only available appraisal was from 2 years earlier at $22.7 million prior to the 2008 financial crisis. At the time of the transfer, League did not have an appraisal to support its "deemed" value, although the Monitor notes that League subsequently obtained an appraisal valuing the property at $30.2 million.

Did League honour Investor interests?

(continued)

The Founders represented both LAC and the Investment Entity when setting management fees.

There was no oversight over the amount of the Founders' compensation.

There were no restrictions on the management fees LAC could charge

- LAC and the Investment Entities were each controlled by the Founders. Accordingly, the Founders represented both parties in setting and paying all management fees. No additional approvals were required or sought.
- The management fee structure evolved over time as new fees were added. League management has indicated to the Monitor that any changes were communicated to the Investors. The core fees included the administrative services fee, an organization and setup fee and an incentive management fee.
- Fees were levied on all applicable transactions, including Intergroup transactions.
- League charged incentive management fees totalling $4.1 million on Intergroup transactions up to the Filing Date. Incentive management fees of $894,000 were charged on the Chimney Springs, Rosewood and 473 Albert St. LP transactions outlined previously.

There was insufficient governance surrounding the compensation paid to the Founders

- Compensation was paid to the Founders by the Corporate Entities which they owned. There was no oversight over the amount of their compensation.
- The compensation was generally not fixed although a base “draw amount” was often set to provide regular payments to the Founders. In addition, they instructed League to fund ad-hoc personal requirements such as the payment of personal loans or funding an investment in a property which were charged to their compensation accounts. Furthermore, personal expenses charged to corporate credit cards would be paid and then charged to their compensation accounts.
- The Founders' compensation is presented on page 49. Notwithstanding the irregular nature of the compensation paid and the lack of oversight, the amounts are not surprising.

Did League honour Investor interests?
(continued)

IGW REIT redemption requests were not always paid out in the order in which they were received. This practice was contrary to the provisions of the IGW REIT trust declaration.

$17.2 million of IGW REIT redemption requests remained outstanding at the Filing Date, 60% of which date back to 2011 and 2012.

IGW REIT redemption requests were not consistently honoured on a first request, first paid basis

- The IGW REIT trust declaration indicates that trust unitholders may request the IGW REIT to redeem its units by submitting a redemption request. The trust declaration indicates that these requests must be paid, in the order in which the redemption notices are received.
- IGW REIT regularly paid amounts in excess of the minimum monthly limit as it had discretion to do so. However, did not follow the order in which redemption notices were received.
- Based on the history of redemption requests presented in the table below, all 2011 requests should have been satisfied by the end of 2012 had the first requested, first paid approach been followed.

Number of redemption requests history

Year	Opening balance	New requests	Requests cancelled	Requests paid	Closing balance
2010	n/a	236	7	191	38
2011	38	388	20	268	138
2012	138	708	65	255	526
2013	526	200	307	83	336
Total	**n/a**	**1,532**	**399**	**797**	

IGW REIT continued to fund the Colwood development in 2013 despite the large balance of outstanding redemption requests

- IGW REIT loaned Colwood nearly $20 million in 2013 for the benefit of that Investment Entity while 526 redemption requests were waiting to be satisfied at the end of 2012.
- A number of IGW REIT unitholders cancelled their redemption requests in 2013, when they were advised of the plan to 'go public' which, if successful, would give the unitholders liquidity as they could sell their units in the public market.
- League's efforts to go public were abandoned in the summer of 2013, as liquidity issues grew and securities regulators voiced serious concerns.
- At the Filing Date, 336 redemption requests totalling $17 million were outstanding, of which 60% were related to 2012 or earlier.

Composition of outstanding redemption requests as at Filing Date

Year requested	#	$
2011	18	1,001,126
2012	213	9,392,016
2013	105	6,835,742
Total	**336**	**17,228,884**

What happened to the Investors' money?

What did League do with Investor and lender funds?

61% was used to purchase or invest in real estate and non-real estate assets;

19% was used to return capital to Investors at maturity or to satisfy redemption requests;

13% was used to fund operating losses; and

7% was used to make distributions to Investors (including cash on hand).

From inception in 2005 to September 30, 2013 (the month prior to the Filing Date), League raised $649 million of capital (debt and equity) from both Investors in and third party financers to the Yellow Box Entities. These funds were applied to the following:

- $394 million was invested in real estate properties and other assets;
- $124 million was repaid to Investors in the form of principal/capital repayments (redemptions and maturities);
- $84 million was used to fund operating losses of the Investment Entities and the Corporate Entities;
- $46 million was distributed back to unit holders as equity distributions; and
- $1 million held in cash.

Sources and uses of capital raised
Cumulative from 2005 to September 30, 2013

$ in thousands

Sources	
Investor financing ❶	**492,760**
Non-investor financing ❷	**156,074**
Total capital from sources	**648,834**
Uses	
Purchase of properties & other investments	**(394,161)**
Redemptions/Maturities	**(124,022)**
Net operating income (loss) after capital costs ❸	**(83,959)**
Distributions to unitholders	**(46,132)**
Cash on hand	**(560)**
Total funds used	**(648,834)**

❶Investor financing includes both equity and debt raised from Investors.
❷Non-investor financing reflects debt raised from mortgage lenders and lease financiers, net of repayments.
❸Net operating income (loss) is after capital service costs (interest and loan fees, distributions on IPU's) and equity issuance costs. This amount does not include any capital repayments, these are included in the net debt amount of Non-investor financing as detailed above.

Was League Profitable?

No, League was not profitable after taking financing costs into account.

Before taking into account the cost of financing League generated positive cash flow from its operations ($59 million over the 8 years for Yellow Box Entities).

However, League's high cost of capital resulted in negative total cash flows ($84 million over the 8 years for the Yellow Box Entities; $39 million with the inclusion of the White Box Entities).

Financial performance for the years ended December 31
Net operating income (loss) after capital costs

$ in thousands

	Yellow Box Entities				White Box Entities	
Year	❶ Net operating income	❷ Capital service cost	❸ Equity issuance cost	Total	Net operating ❹ income after capital cost	Combined total
2005	75	(220)	-	**(145)**	3	**(142)**
2006	2,028	(1,204)	(195)	**629**	35	**664**
2007	5,844	(6,862)	(2,270)	**(3,288)**	59	**(3,229)**
2008	7,890	(10,749)	(2,331)	**(5,190)**	132	**(5,058)**
2009	10,726	(10,485)	(3,694)	**(3,453)**	(1,097)	**(4,550)**
2010	12,151	(18,190)	(3,160)	**(9,199)**	1,032	**(8,167)**
2011	12,442	(26,230)	(2,495)	**(16,283)**	24,781	**8,498**
2012	6,499	(30,184)	(2,308)	**(25,993)**	7,746	**(18,247)**
Q3'2013 (9 months)	1,204	(20,822)	(1,421)	**(21,039)**	12,153	**(8,886)**
Total	**58,859**	**(124,946)**	**(17,874)**	**(83,961)**	**44,844**	**(39,117)**

- League's property portfolio included 4 development properties, which when combined with a number of under-performing income producing properties placed a strain on the combined group's cash flows.
- League financed its development properties through a combination of mortgages and debt like securities, which incurred regular fixed interest obligations, the cost of which consequently had to be funded by other entities within League.
- League's cost of capital (interest rate plus fees) was high. Interest rates on League's secured debt ranged from 3% to 18% per annum. At the Filing Date, 2 mortgages were in default and therefore, incurred default interest rates.

❶Net operating income (loss) is before capital service costs (interest and loan fees, distributions on IPUs) and equity issuance costs.
❷This amount does not include any capital repayments, these are included in the net debt amount included in Non-investor financing.
❸Equity issuance cost includes but is not limited to: issuance fees, commissions and legal and advisory fees.
❹White Box Entities represents the entities' net operating income after capital service costs and equity issuance costs.

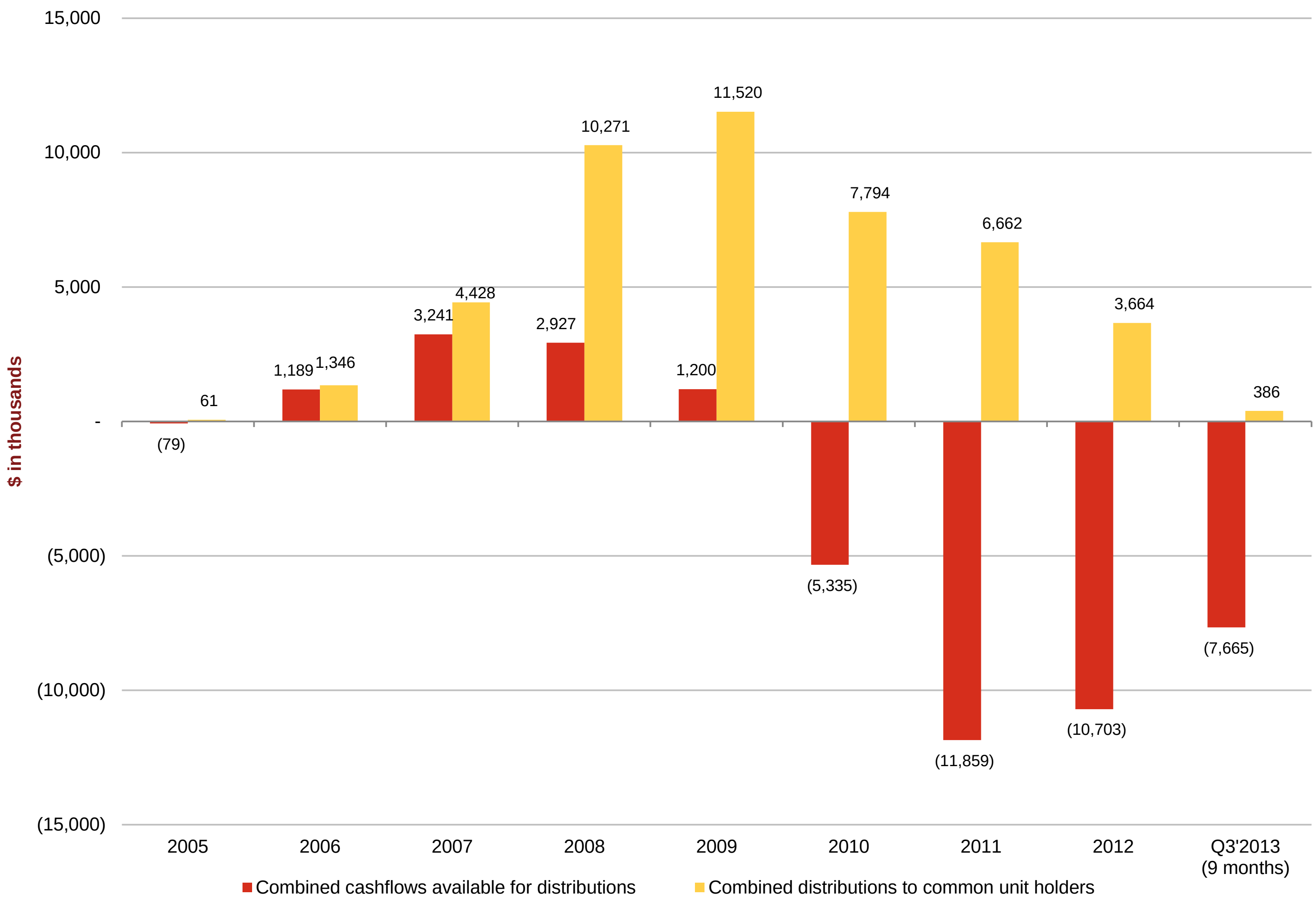
How was League able to make distributions?

The graph on the right depicts (in red) cash flow available for distributions versus (in yellow) distributions made to Investors.

Since its inception, League's distributions have exceeded the cash available.

In 2010, 2011, and 2013, cash flow was negative, yet distributions to Investors were maintained.

Combined cash actually available for distributions vs distributions paid to unit holders



How was League able to make distributions?
(continued)

Distributions appear to be funded from new Investor capital.

Distributions made to IGW REIT Investors exceeded available cash by $29 million.

League made distributions of $6.1 million to Investors of Development Entities despite little or no income from operations. Funding for these distributions appears to have been sourced from Intergroup loans, predominantly made by IGW REIT who itself did not generate sufficient cash flow to support its own distributions.

IGW REIT's distributions exceeded cash available

- In every year between 2005 and 2012, IGW REIT's distributions to its unit holders exceeded its cash flow from operations by an aggregate of $29 million, suggesting that these funds likely came from other sources such as debt financing or capital raised from Investors.

Distributions to development entities funded by IGW REIT

- By the nature of these projects, Development Entities should have negative cash flow until construction of the property is completed. Construction is typically funded through construction financing and/or equity investment. Returns to investors are generally not paid until units or the property are sold or the property generates operating profits after debt servicing.
- League appears to have issued $6.1 million in distributions to the unit holders of the following entities:
  - IGW Diversified Redevelopment Fund LP;
  - Tsawwassen Retail Power Centre LP;
  - Redux Duncan City Centre LP; and
  - Residences at Quadra Village LP.
- With the exception of Duncan (which did have cash flow from existing operations that were not directly part of the major redevelopment of the site), the remaining Development Entities listed above had no material operations or cash flow.
- League was able to fund distributions to the unit holders of the Development Entities through loans or advances made by related parties, primarily IGW REIT who, as mentioned above, made unsupportable distributions to its own unit holders. This suggests that the distributions made to unit holders of the Development Entities were funded by financing or by capital raised from Investors in other entities.

What was the annual corporate overhead?

By 2013, League's corporate overhead was $23 million on an annualized basis.

The largest components of corporate overhead were payroll and professional services. These 2 components exceeded $12 million annually and $48 million cumulatively since 2005.

The costs to maintain League's complex legal and organizational structure and the costs in the preparation to go public were significant.

$ in thousands	2006	2007	2008 [1]	2009	2010	2011	2012	Q3'2013 (9 months)	Total
Salaries and benefits	-	-	1,870	3,208	4,500	4,741	5,977	6,347	**26,643**
Professional services	158	354	1,011	1,213	2,926	3,864	6,194	5,900	**21,620**
General and administrative	487	1,155	806	947	945	1,173	2,092	1,614	**9,219**
Advertising and promotion	-	-	705	969	1,537	1,243	1,697	1,219	**7,370**
Rental	-	-	97	324	994	1,003	1,190	1,311	**4,919**
Training	-	-	360	332	247	308	853	432	**2,532**
Travel	-	-	188	386	352	175	564	494	**2,159**
Sub-contracts	-	-	436	224	152	83	224	11	**1,130**
Total corporate overheads	**645**	**1,509**	**5,473**	**7,603**	**11,653**	**12,590**	**18,791**	**17,328**	**75,592**

[1]Prior to Dec 2009 LAC's year end was August 31, 2008 represents 16 months as it includes the stub period from September 1, 2008 to December 31, 2008.

Overhead costs increased year over year

- The table above summarizes League's corporate overhead from its inception. Overhead costs increased year over year, with the largest increase between 2011 and 2012 which was approximately $6.2 million per annum. League was on pace to exceed $23 million in annual overhead costs by the end of 2013.

Payroll

- The largest component of corporate overhead was payroll which was projected to be in excess of $10 million for 2013 as summarized in the table to the right. The significant increase over 2012 was a result of League hiring several senior staff into the real estate and development group in August and September 2013. The largest personnel cost within League were the staff administering the Partners REIT management contract, which we understand from management was not profitable.

Professional services

- The cost to create and maintain such a complex legal and organizational structure was significant. League spent approximately $22 million since 2005 on professional services such as legal, tax and accounting fees.
- The costs of League's failed efforts to go public in 2012 and 2013 were also significant.

Department $ in thousands	Headcount	Annual salary
Partners REIT	33	3,331
Wealth management	33	2,318
Real estate & dev	20	1,698
Finance / accounting	17	1,068
Administration	16	791
Marketing	5	391
Human resources	4	375
Information technology	6	373
Legal[1]	1	36
Total	**135**	**10,381**

[1]The position was not a full-time equivalent

Source: League's books and records

How was corporate overhead funded?

LAC provided the asset management function to the Investment Entities and incurred all the corporate overhead for League.

LAC's revenue was predominately management fees collected from Investment Entities.

Source of LAC's revenues

- The majority of LAC's revenues was generated by charging fees to the Investment Entities pursuant to the management agreements. Although various types of fees were charged, 3 types of fees were common to all Investment Entities:
  - Organization and set up fees paid upon the raising of capital in the amount of 5% to 7%;
  - Administrative services fees of between 1% to 1.5% of gross capital contributions or net asset value per annum; and
  - Incentive management fees which were originally set at 20% of any gain on the disposal or re-financing of a property but were revised to be based on an excess return to investors.
- 48% of LAC's revenues came from IGW REIT while Colwood and Duncan were also large contributors.

Control of LAC's revenues

- As noted earlier in this report, LAC had full discretion to amend the fees it levied on the Investment Entities. The Monitor understands that League would advise Investors of the changes, but practically there was little an Investor could do to object to any form of fee increase.
- Based on a comparison of LAC's fees to other Canadian based real estate asset and wealth managers, LAC's Administrative service fee and incentive management fees were in line with the other managers. However, the organization and set up fees were higher than the comparatives.

LAC Revenue

$ in thousands	2005 to September 2013	%
Yellow Box Entities		
IGW REIT	37,978	48%
Colwood City Centre LP	9,195	12%
Redux Duncan City Centre LP	3,490	4%
Gatineau Centre Development LP	532	1%
Residences at Quadra Village LP	447	1%
North Vernon LP	400	1%
Other Yellow Box Entities	1,278	2%
White Box Entities		
IGW Segregated Debt 2 LP	4,602	6%
IGW Segregated Debt 1 LP	4,308	5%
Member-Partners Solar Energy LP	2,352	3%
Partners REIT	1,540	2%
Eagle Landing Retail	747	1%
Place Trans Canadienne	498	1%
Other White Box Entities	11,861	15%
Total	**79,228**	

Source: LAC financial statements, LP's financial statements

How much did the Founders personally benefit?

Between 2005 and 2013 Gant's total compensation was approximately $3.2 million and Arruda's total compensation was $2.4 million.

Total combined compensation was $5.5 million over 8 years.

Compensation for Gant and Arruda was never defined.

Total compensation to Arruda and Gant

- Many stakeholders have questioned whether the Founders took large amounts of direct or indirect compensation from League. The Monitor acknowledges that many stakeholders will find the quantum of the compensation to be large given the challenged financial position of League. However, the Monitor notes that in the context of the scale of League, these amounts are not surprising, despite the lack of oversight concerning executive compensation.
- Total compensation includes amounts paid as salary payroll, dividends, management fees and shareholder draws (net of contributions) paid directly to Gant and Arruda as well as companies and trusts under their control, which include:
  - 0742044 B.C. Ltd. (100% owned by Gant);
  - 0742054 B.C. Ltd. (100% owned by Arruda);
  - League Assets GP Inc. (50% owned by 0742044 B.C. Ltd./ 50% owned by 0742054 B.C. Ltd.);
  - Gant Holdings Ltd. (family trust); and
  - Arruda Holdings Ltd. (family trust).
- Compensation for Gant and Arruda was never defined over the course of the 8 year period. As a result, the amounts paid appear to be determined on an ongoing basis.

$ in thousands	Gant	Arruda	Total
Fiscal period ended			
August 31, 2006	136	58	194
August 31, 2007	252	229	481
August 31, 2008	165	260	425
August 31, 2009	305	372	677
December 31, 2010[1]	444	324	768
December 31, 2011	775	676	1,451
December 31, 2012	497	243	740
December 31, 2013	588	225	813
Total compensation	**3,162**	**2,387**	**5,549**

[1]Represents 16 months from September 1, 2009 to December 31, 2010 due to a change in accounting year end from August to December.

Source: League's books and records

Basis of preparation: The Monitor notes that this analysis was prepared from League's books and records. However, both Gant and Arruda cooperated with the Monitor's work and allowed direct access to their independent accountants who have verified the Monitor's analysis.

Personal fines from the BCSC

- Immediately prior to the filing, each of Gant and Arruda reached a settlement agreement with BCSC to pay a total of $250,000 in respect of misconduct. Pursuant to an indemnity agreement between the Founders and League, League issued payment of $250,000 to the BCSC to satisfy the settlement agreement.
- These amounts were recorded in their compensation accounts and accordingly, are reflected in the figures presented.
- The Monitor and Representative Counsel have been in discussions with the BCSC with respect to the payment made by League.

Was my money used for other projects?

In many cases, yes.

As at October 31, 2013, over $183 million in capital was deployed outside of the entity for which the funds were originally raised.

Funds were transferred between entities in the form of:

- *Loans and promissory notes;*
- *Working capital financing; and*
- *Equity investments.*

Summary of Intergroup loans and investments
As at October 31, 2013

$ in thousands	Loans	Working capital advances	Equity investments	Total
IGW REIT	158,149	11,935	616	**170,700**
LALP	-	4,408	7,546	**11,954**
IGW Diversified Redevelopment Fund LP	-	275	-	**275**
Tsawwassen Retail Power Centre LP	-	271	-	**271**
IGW Energy Capital LP	-	208	-	**208**
Colwood City Centre LP	-	5	-	**5**
Total	**158,149**	**17,102**	**8,162**	**183,413**

Source: League's books and records. October 31, 2013 is used as a proxy for the Filing Date amounts as this is month-end.

- As shown in the table above, $183 million of capital was deployed outside of the Investment Entities where it was originally raised for use in other Yellow Box Entities and White Box Entities.
- Typically, League raised funds in one Investment Entity (e.g. IGW REIT or other investment raising entities) and then invested those funds into another Investment Entity. Typically this was done in 1 of 3 forms:
  - Loans and promissory notes;
  - Working capital financing; and
  - Direct equity investments.
- The single largest example was IGW REIT's $100 million loan to Colwood.

Why did League run out of money?

In 2012 and 2013, League was financially dependent upon IGW REIT which itself was struggling with:

- *Higher financial leverage brought about by the fixed distributions required by the IPUs;*
- *The ongoing cash demands from the Colwood project;*
- *The ongoing cash demands from Investment Entities who could not service their debt; and*
- *Significant redemption notice requests.*

League's efforts to go public and relieve the redemption request pressure on IGW REIT was abandoned.

League's financial condition was dependent upon IGW REIT's financial condition

- As noted previously, IGW REIT was typically a lender to many of the Investment Entities. With the exception of Stoney Range Industrial LP, none of the limited partnerships that became Yellow Box Entities could independently service their debt. Funding was being sought primarily from IGW REIT to satisfy the shortfalls.
- IGW REIT's financial leverage was increased significantly with the introduction of the IPUs in 2009. The obligation to provide fixed distributions with interest between 4% and 10% per annum could not be supported from cash flow from operations.

IGW REIT Cash flow by year

$ in thousands	2005	2006	2007	2008	2009	2010	2011	2012	Q3'2013 (9 months)	Total
Net operating income incl. interest revenue	75	1,700	4,793	7,219	13,008	17,127	15,565	17,384	12,795	**89,666**
Financing costs	(78)	(1,204)	(4,099)	(7,790)	(9,232)	(10,483)	(11,155)	(10,737)	(8,163)	**(62,941)**
IPU distributions	-	-	-	-	(1,684)	(3,986)	(6,445)	(8,646)	(7,942)	**(28,703)**
Net cash flow after IPU distributions	**(3)**	**496**	**694**	**(571)**	**2,092**	**2,658**	**(2,035)**	**(1,999)**	**(3,310)**	**(1,978)**

Source: League's books and records

- New capital raises were not sufficient to meet redemption requests. By the Filing Date, $17 million in outstanding redemption requests existed.
- Colwood was under construction and relied solely on IGW REIT to fund its project costs. IGW REIT sold properties for proceeds of $45 million during 2013 to help fund this project and other cash needs.
- In 2013, League attempted to go public in order to provide liquidity to the IGW REIT units, and eliminate the cash demand of unmet redemptions. League abandoned this initiative as the liquidity crisis within League worsened.

Colwood

What was the Colwood project?

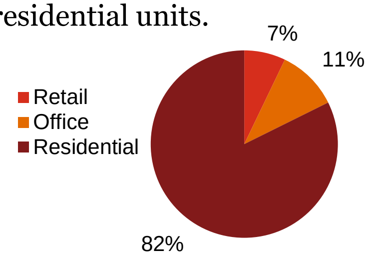
The Colwood project was intended to be a multi-use, multi-phase real estate development over a 15-20 year period.

The project was primarily focused towards residential units (82%). Once fully developed the residential units would represent approximately 2% of the residential households in the Greater Victoria area.

Colwood was a multi-use, multi-phase development project located 10 minutes north west of Victoria

- Total land size 13.9 acres;
- Mixed use development of 3.8 million square feet;
- 9 phase project with a 15 to 20 year build out plan; and
- Total development cost estimated at $1.2 billion.

- The project was primarily focused towards residential use (82%) and once completed, all 9 phases would deliver approximately 3,500 residential units.



- Based on 2011 census data, Colwood would represent approximately 2% of residential households in greater Victoria, once fully developed.

Colwood was one of League's first development projects

- The site was acquired in 2007 for $34.8 million and, at that time, was comprised of 2 operating strip malls and surrounding undeveloped lands.
- In hindsight, 2007 represented the peak of the real estate market in North America and particularly the Victoria area. Accordingly, League had a high cost base for this project.
- In 2007 League's portfolio was primarily income producing properties and League had not completed a "ground-up" development project to date, particularly one of this size. Given its inexperience, League relied heavily on the use of third party property developers who charged large project fees and likely had little incentive to control budget overruns.

What happened with the Colwood project?

At the Filing Date, League had spent 64% of the original phase 1 budget and only had the first level of the parkade completed.

Post filing, League ultimately determined that the Colwood project would be too risky to pursue for unsecured creditors and Investors.

As a result, League cooperated with the Lenders and the secured Investor group to turn control of Colwood over to them. On June 10, 2014 the Court granted a foreclosure application for conduct of sale.

At the Filing Date, the book value of Colwood was $137 million

Book value at Filing Date $ in thousands		%
Land costs	34,754	25%
Development costs	102,229	75%
	136,983	

Phase 1 costs incurred totalled $102 million (64% of total budget)

Phase 1 - Costs incurred vs. budget $ in thousands	Actual spend	Total Budget	%
Development costs	54,559		
Interest	44,720		
Property taxes	2,950		
	102,229	159,200	64%

- The original budget for Phase 1 was $159 million and included:
  - A 42,000 square foot retail space coupled with a 76-unit mid-rise condominium structure;
  - A 7 storey office building; and
  - A 27 storey residential tower and associated parking.
- Project costs were significantly greater than budget, with $102 million incurred at the Filing Date.
- The development of Colwood began in 2009 during the global financial crisis. League did not have any committed financing to fund the development and relied on short term, high interest borrowing. League's original estimated cost of financing for Phase 1 was $5.4 million but had incurred $44.7 million at the Filing Date.
- In July 2013, construction trades stopped working due to non-payment. At this stage, all that has been completed is the concrete pour of the 1st level of the parkade along with some remediation works on the site to allow the build out of Phase 1.
- 1 of the original 2 strip malls remains in operation. The other strip mall was demolished to vacate the site for Phase 1 construction.

League has turned over the Colwood properties to the mortgage lenders and secured Investors as the risk profile outweighs any potential returns

- Over a 5 month period to May 2014, League assessed the viability of pursuing the development of Colwood. As part of this process, League engaged Cushman & Wakefield to assess the Colwood development and identify a number of alternative development scenarios, with the goal of satisfying the secured creditors and obtaining value for the Investors and other creditors.
- Upon review of the development scenarios and considering all options, League, under the new management team led by John Parkinson, concluded that none of the proposed scenarios had an acceptable risk profile that would generate suitable return over and above secured Investors and lenders. As a result, control of the Colwood properties was turned over to mortgage lenders and secured Investors on June 10, 2014 by court order for conduct of sale. The Monitor understands that both these groups continue to work with Cushman & Wakefield to assess alternative scenarios to help monetize the asset.

Summary of debt & equity $ in thousands		%
Secured mortgage debt	10,864	7%
Secured investor loans	15,540	10%
Unsecured debt	120,247	74%
Unit holders	16,501	10%
	163,152	

What is the expected outcome of the CCAA Process?

What did League look like at the Filing Date?

League was operating across 6 locations, employing 135 people and was comprised of 170 legal entities.

League had a number of liquidity challenges demonstrated by:

- *2 mortgages in default;*
- *$3.5 million in property tax arrears;*
- *$2.5 million in unpaid builders' liens; and*
- *$17 million of unpaid redemption requests owing to Investors.*

League Group

Employees and offices

135 employees across 6 locations. 65% of employees were located at League's head office in Victoria.

Legal entities

170 entities of which 105 are included in the CCAA filing (see Appendix 1).

Assets
($418million)

- 18 income properties ($226 million book value)
- 4 development properties ($146 million book value)
- 30 investments ($45 million book value)
- Intergroup receivables ($1 million book value) from White Box Entities. **We note that there are loans of approximately $174 million made among various Yellow Box Entities. These have been excluded from this analysis as the recovery of these assets depend on the realization of the properties and investments included in this analysis.**

Liabilities
($233 million)

- $200 million owed to 28 secured mortgage lenders:
  - Average interest rate 8.4%;
  - 2 mortgages in default (Trez and Quest).
- $10 million owed to 18 other secured creditors, primarily consisting of:
  - $3.5 million in unpaid property taxes;
  - $3.5 million in capital leases;
  - $2.5 million in builders' liens (Colwood shut down due to non-payment of trades).
- $23 million owed to 209 unsecured creditors, primarily consisting of:
  - $3.1 million to CRA;
  - $1.9 million to promissory note holders;
  - $3.2 million in professional fees.

Investors
($369 million)

- 3,500 individual Investors approximately
- $30 million of secured notes
- $44 million of unsecured notes
- $295 million of equity investments
- At filing, there were $17 million of unpaid redemption requests from Investors, which have been determined to be equity (if the underlying investment is equity).

How did the CCAA proceedings create stability?

The CCAA process prevented the majority of the mortgage lenders from immediately foreclosing on League's properties and selling them at distressed sale prices.

The CCAA process allowed League to obtain interim financing and monetize certain assets in an orderly manner, while it considered and assessed restructuring options in an attempt to maximize value for the greater benefit of League's unsecured creditors, Investors, and other stakeholders.

At the Filing Date, League faced several critical challenges including:

- Cash reserves were fully depleted;
- Over $17 million in redemption requests were outstanding;
- Two mortgages were in default and the secured lenders had brought an application to appoint a receiver over 2 of the Duncan properties;
- Outstanding property tax arrears totalled in excess of $3.5 million; and
- Colwood construction had stalled and contractors had placed liens on the properties.

The CCAA provided:

- A stay of proceedings that stabilized the situation and prevented creditors from seizing assets to recover their loans or from imposing financial penalties and/or default rates of interest;
- The ability to obtain interim financing to continue its operations while restructuring options were assessed;
- Time to evaluate all restructuring options in an attempt to maximize asset values;
- A court sanctioned process for properties to be properly marketed for sale;
- Full disclosure and accountability for all League activities during the proceedings, including cash management and ring-fencing cash on an individual property basis; and
- A formal process to ensure the best interests of all creditors and Investors were considered.

To date, the result of the CCAA has been:

- Removal of the Founders from management capacity and the appointment of a new CEO to give League a fresh direction;
- Corporate overhead costs were significantly reduced in a timely manner;
- Comprehensive evaluation and assessment of all plausible scenarios to maximize value and allow League to continue operations;
- The CCAA proceedings are projected to result in:
  - Majority of secured mortgage lenders being paid in full;
  - Meaningful recoveries for other secured creditors and noteholders;
  - Some recovery for unsecured creditors and certain Investors; and,
  - All stakeholders were provided information as to "What happened to League?".

Did the CCAA include all of the League Group?

105 of the 170 League entities were included in the CCAA process.

For ease of reference, the Monitor has grouped legal entities into larger categories.

Certain League entities, known as the White Box Entities, are not affected by the CCAA filing and have continued to operate in the normal course of business.

- The 105 entities included in the CCAA process are commonly known as the Yellow Box Entities and the remaining 65 entities are the White Box Entities. Appendix 1 contains an organization chart of all the League Group entities.
- For ease of reference, the Monitor has grouped legal entities into larger categories as follows:
  - **Corporate Entities:** Entities controlled directly or indirectly by Gant and Arruda. These entities provided asset management services to the Investment Entities and provided wealth management services to Investors; and
  - **Investment Entities:** Limited partnerships formed to hold investment properties on behalf of Investors. These entities are managed by LAC pursuant to management agreements.
- Entities were included in the CCAA process if they were insolvent or could become insolvent as a result of the filing. This would typically occur if an entity had guaranteed a loan by another League entity which was included in the CCAA process. If the primary debtor was included in the CCAA, this would trigger a default under the loan and cause the guarantor to be insolvent.
- The Monitor has reviewed the White Box Entities and is satisfied that they should not be included in the CCAA process. White Box Entities are not affected by the CCAA process and LAC has continued to manage them.

Entity groupings

Corporate Entities

Yellow Box
- League Assets LP
- League Assets Corp.
- League Investment Services
- League Capital Markets
- League Financial Partners
- Harris Fraser Group Limited
- League Holding Corp

White Box
- Harris Fraser Group
- Monarch Group

Investment Entities

Yellow Box
- IGW Residential Capital
- Colwood City Centre
- Jesken Investment
- IGW Diversified Redev. Fund
- Gatineau Centre Development
- Stoney Range Industrial
- Residences at Quadra Village
- IGW Energy Capital
- Fort St. John Power Centre
- North Vernon
- Cowichan District Centre
- Tsawwassen Retail Power
- Redux Duncan City Centre
- IGW REIT

White Box
- IGW Seg Debt 1
- IGW Seg Debt 2
- Place Trans Canadienne Commercial
- Wesbrook Retirement
- Member Partners Solar Energy

What were the assets at filing?

The League entities that were included in the CCAA process had assets recorded on their financial statements worth $418 million (based on book value amounts).

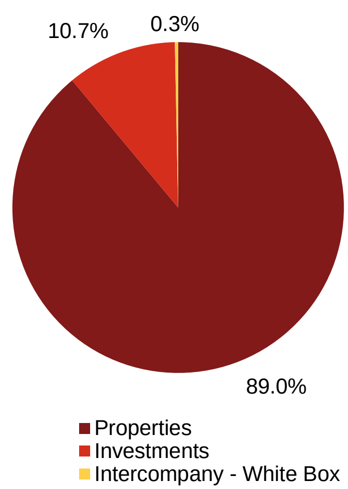
The Corporate Entities controlled by Gant & Arruda had assets recorded at $22 million.

IGW REIT had assets (excluding intergroup loans) recorded at $129 million.

The other Investment Entities owned by the Investors had assets recorded at $267 million.

Asset book values at the start of the CCAA were $418 million

- When League made its application for CCAA protection, the book value of the assets for the Yellow Box Entities was $418 million. This figure was based on financial statements current to either March 31, 2013 or December 31, 2012 depending on which were available at the Filing Date.
- Assets comprise primarily of:
  - Properties;
  - Loans to other Investment Entities; and
  - Investments.



Total book value of assets at Filing Date
$418 million

LALP
$22 million

IGW REIT
$129 million

Other Investment Entities
$267 million

Property assets ($372 million)
Comprising of 18 income properties ($226 million) and 4 development properties ($146 million).

Investments ($45 million)
Consist primarily of equity investments and mortgages/loans receivable. The largest was a 15% ownership interest in Partners REIT.

Intergroup receivables ($1 million)
Intergroup receivables due from White Box Entities.*

* We note that there are approximately $25 million and $149 million of secured and unsecured loans respectively made among various Yellow Box Entities. These have been excluded from this analysis as the recoveries of these assets are dependent on the realization of the properties and investments included in this analysis.

What were the properties at filing?

The Yellow Box Entities owned 18 income properties and 4 development properties at the Filing Date.

The White Box Entities held interests in additional properties which are not included in the table presented:

- *Wesbrooke Retirement – Pitt Meadows, BC*
- *Eagle Landing Retail Development - Chilliwack, BC*
- *Place Trans Canadienne – Montreal, QC*

Properties as at the Filing Date

$ in thousands	Location	Description	Book Value
A) Income Properties			
Dodson Plaza	Drayton Valley, AB	2 building multi-tenant retail shopping centre	
Trebla Building	Ottawa, ON	Multi-tenant 11 storey office building	
Market Square	Fort Saskatchewan AB	4 building multi-tenant shopping centre	
Tyee Plaza	Campbell River, BC	Multi-tenant retail complex	
Stettler Town Centre	Stettler, AB	Multi-tenant regional shopping centre	
LaSalle Commercial	Montreal, QC	Multi-tenant industrial property	
			93,540
Merivale	Ottawa, ON	Two-storey mixed use building	3,140
Broughton Professional Bldg.	Victoria, BC	4 floor multi-tenant office building	4,170
Westlock Plaza	Westlock, AB	3 building multi-tenant shopping centre	3,600
Evolve	Grand Prairie, AB	Single unit residential condo	190
Stoney Range Industrial	Balzac, AB	Industrial zoned site with two leased structures	11,250
Quadra Village Apartments	Victoria, BC	Multi-unit low-rise residential	13,800
Anderson Crossing	Vernon, BC	Multi-tenant shopping centre	14,500
Sundel Square	Langley, BC	Retail/Commercial Office space	6,200
Rosewood	Hamilton, ON	Residential building	13,200
Cowichan	Duncan, BC	3 storey commercial office property	6,588
Duncan Mall, Plaza & Village	Duncan, BC	Large multi-tenant shopping centre	45,800
710 Redbrick St.	Victoria, BC	3 storey office building	10,000
			225,978
B) Development Properties			
Gatineau Redevelopment	Gatineau, QC	Multi-phase development planned on existing golf course	4,840
Jesken Development	Saanichton, BC	Development lands for proposed shopping center	1,114
Colwood Development	Colwood, BC	Multi-phase retail/office/residential development	136,983
Arrow Road Development	Toronto, ON	Industrial building redevelopment	2,757
			145,694
Total (A+B)			**371,672**

Source: League's books and records, which were supported by third party evidence

What were the investments at filing?

Investments at the Filing Date held by Yellow Box Entities totalled $45 million.

Investments comprised of:

- *equity investments;*
- *mortgages/loans receivable; and*
- *other investments.*

Investments as at the Filing Date

$ in thousands	Description	Book Value
A) Equity Investments		
Partners REIT Shares	15% shareholding in TSX listed REIT	24,205
Harris Fraser	Wealth Management Business (Hong Kong)	1,700
Tsawwassen	Shareholding in development project	759
Monarch / Catalyst	Wealth Management Business (Toronto)	780
15,000 Units in IGW Seg Debt 1 LP	Investment in IGW Seg Debt 1	15
		27,459
B) Mortgage/loans		
Mortgage - Fort St. John	Secured mortgage on 220 acres of land	7,154
Mortgage - Royal Oak Golf Course	Secured mortgage on Golf Course	2,100
Mortgage - 160592 Ontario Inc.	Secured mortgage	-
Mortgage - Wilfert Road	Secured mortgage on Property	1,011
Mortgage - Transglobe	Secured VTB mortgage on property sale	500
Loan - Green Tree	Unsecured loan	1,528
Loan - GTM Capital	Unsecured loan	843
Other Mortgages/Loans	Various loans to third parties	1,015
		14,151
C) Other investments		
Plaza hotel deposit	Deposit paid to purchase development land	869
Other Investments		2,765
		3,634
Total (A+B+C)		**45,244**

Source: League's books and records

What were the Intergroup receivables from White Box Entities at filing?

Intergroup receivables totalling $1.3 million are from White Box Entities at the Filing Date.

Intergroup receivables include unsecured loans receivable and management fees.

Intergroup receivables from White Box Entities as at the Filing Date

$ in thousands	Book Value
Eagle Landing Retail Development LP	545
Place Trans Cannadienne Commercial LP	293
IGW Capital Inc.	248
Eagle Landing Development LP	152
Miscellaneous	66
	1,304

Source: League's books and records

- Intergroup receivables presented above include receivables due from White Box Entities to Yellow Box Entities. The realization of these assets is discussed on page 70.
- We note that there are approximately $25 million and $149 million of secured and unsecured loans respectively made among various Yellow Box Entities. These have been excluded from this analysis as the recovery of these assets are dependent on the realization of the properties and investments. The recovery of these assets is factored into the Waterfall Analysis discussed on page 73.

What is the current value of the assets?

The current estimated transaction value of League's assets is approximately $264 million.

The estimated value of League's total assets is projected to be $154 million lower (37%) than the book values at the Filing Date.

"Book Value"
CCAA Filing
October 18, 2013
Book value **$418 million**

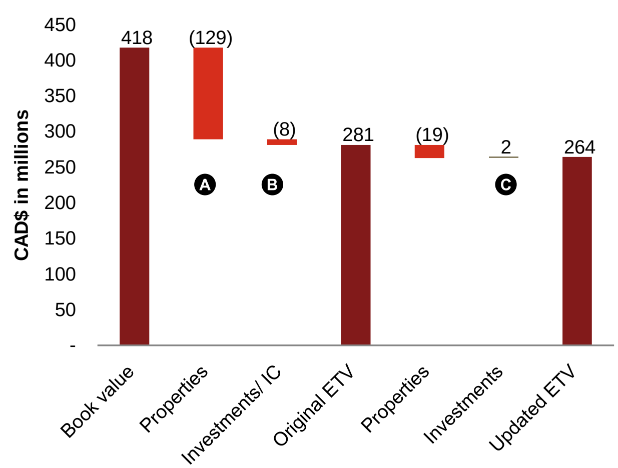
"Original ETV"
Monitor's 4th report
November 18, 2013
ETV of assets **$281 million**

"Updated ETV"
June 15, 2014
ETV of assets **$264 million**

Current estimated values are 37% lower than the book value

- In our 4th report dated November 18, 2013, the Monitor provided the Court and stakeholders with the Original ETV which was prepared by Colliers. ETV is the estimated realizable value of League's assets before all selling costs, secured mortgages and other priority charges.
- Updated ETV reflects the expected recovery of League's assets as at June 15, 2014. The Updated ETVs have been determined using (i) actual selling price obtained for assets or (ii) offers submitted on assets to date or (iii) Original ETV as at November 18, 2013, adjusted for current market factors.
- In our 4th report, the difference between the book values presented by League and the Original ETV were explained. In the graphic below and in the pages following, we review those explanations as well as provide analysis and explanations for the additional $16 million reduction in total asset value between the Original ETV and the Updated ETV.

Book Value to Updated ETV Bridge



$ in thousands	Book value	Original ETV	Updated ETV
1) Properties	371,672	242,902	224,388
2) Investments	45,244	37,429	38,929
3) Intergroup rec.	1,304	1,014	1,014
Total (1+2+3)	**418,220**	**281,344**	**264,331**

Source: League's books and records

A Reduction in property values is primarily attributable to Colwood ($108 million) and Duncan ($12 million).

B The Monitor assessed the recoverability of investments (Original ETV) against the book value at the Filing Date. The Original ETV was $10.5 million lower than book value. This was partially offset by an increase in the ETV on Partners REIT shares which were $2.9 million higher than the book value at the Filing Date.

C Increase in investments relates to Partners REIT management contract termination fee of $1.5 million that was realized.

Why have property values fallen so much?

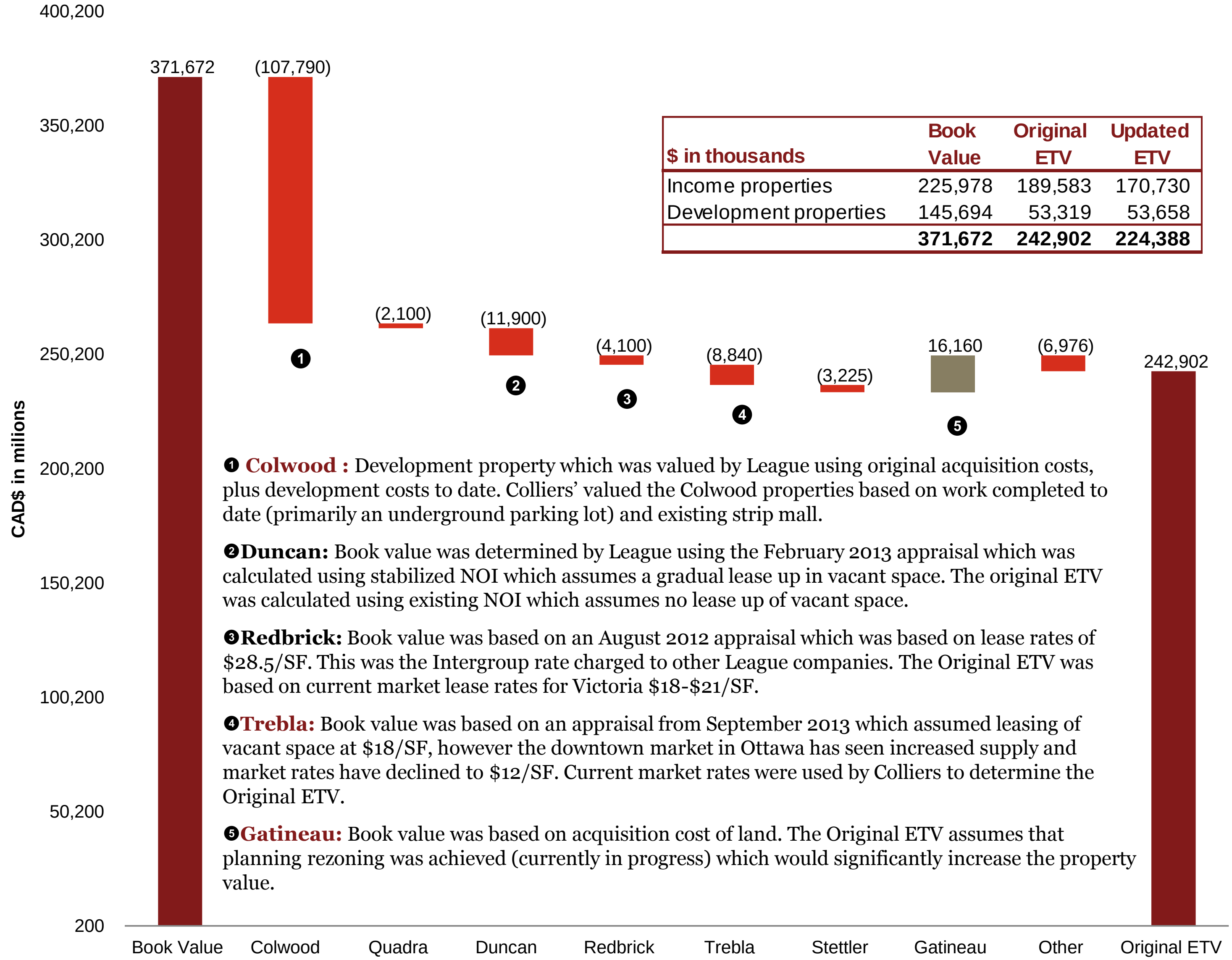
The Original ETV's provided by Colliers were $129 million lower than book values.

This was primarily due to Colwood; its value decreased from $137 million to $29 million ($108 million reduction).

Colwood's development plan did not fit its market and it could not secure third party project financing. As a result, IGW REIT provided high cost debt financing that was capitalized along with other project costs and the book value greatly exceeded the actual market value.

The Colwood project was discussed in the previous section.

Analysis of the difference between Book Value and Original ETV



$ in thousands	Book Value	Original ETV	Updated ETV
Income properties	225,978	189,583	170,730
Development properties	145,694	53,319	53,658
	371,672	**242,902**	**224,388**

❶ **Colwood :** Development property which was valued by League using original acquisition costs, plus development costs to date. Colliers' valued the Colwood properties based on work completed to date (primarily an underground parking lot) and existing strip mall.

❷**Duncan:** Book value was determined by League using the February 2013 appraisal which was calculated using stabilized NOI which assumes a gradual lease up in vacant space. The original ETV was calculated using existing NOI which assumes no lease up of vacant space.

❸**Redbrick:** Book value was based on an August 2012 appraisal which was based on lease rates of $28.5/SF. This was the Intergroup rate charged to other League companies. The Original ETV was based on current market lease rates for Victoria $18-$21/SF.

❹**Trebla:** Book value was based on an appraisal from September 2013 which assumed leasing of vacant space at $18/SF, however the downtown market in Ottawa has seen increased supply and market rates have declined to $12/SF. Current market rates were used by Colliers to determine the Original ETV.

❺**Gatineau:** Book value was based on acquisition cost of land. The Original ETV assumes that planning rezoning was achieved (currently in progress) which would significantly increase the property value.

Why have property values fallen so much?
(continued)

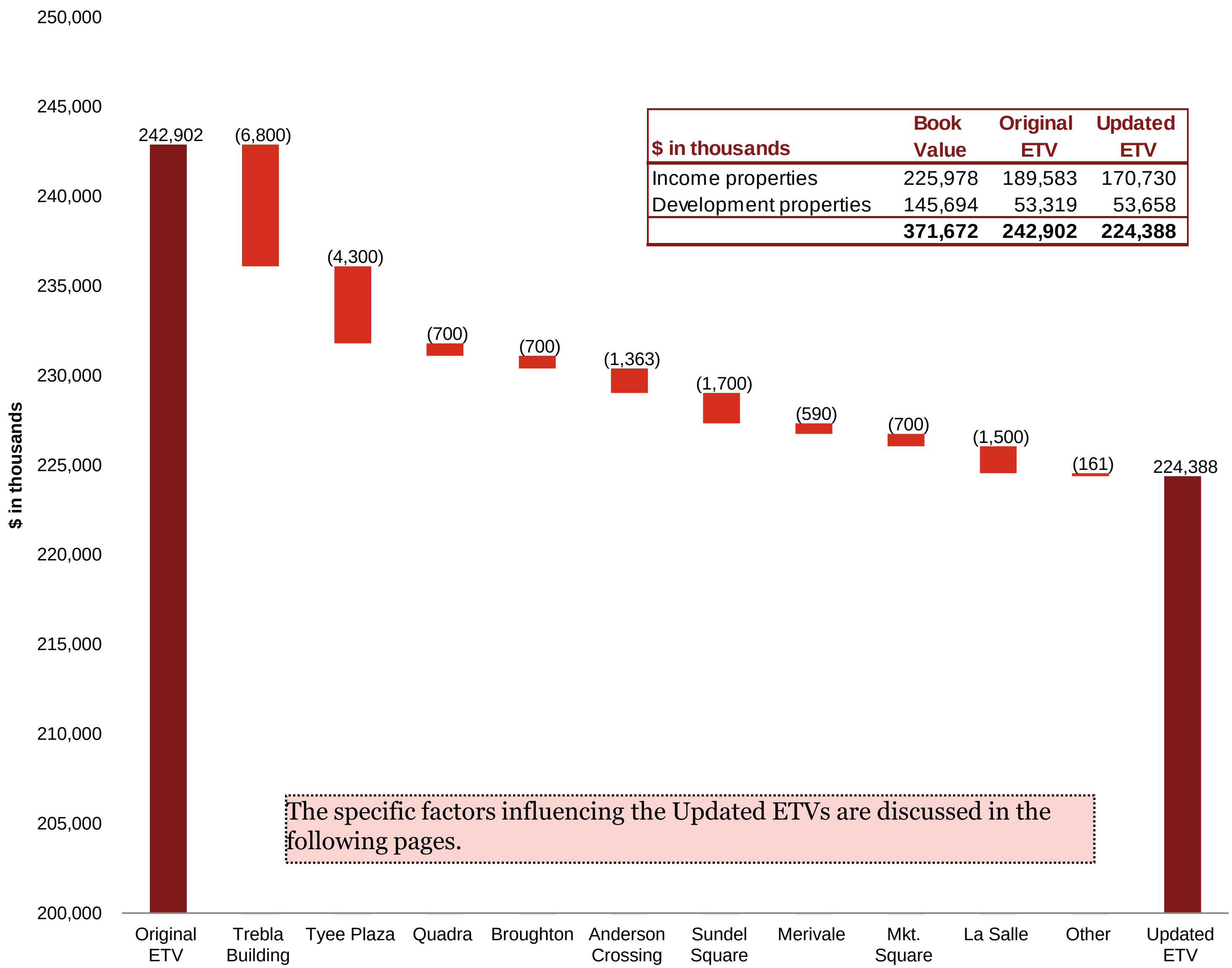
The Updated ETVs are $18.5 million less than the Original ETV.

Updated ETVs are based on (i) the selling price for properties that have sold; or (ii) offers submitted on properties; or (iii) Original ETVs as adjusted.

In general, the updated ETVs are lower due to specific issues with individual properties that buyers have identified as part of their due diligence or reflect local market issues.

In addition, outside of the primary markets the Canadian commercial real estate market is depressed due to lack of major REIT buying.

Analysis of the difference between Original ETV and Updated ETV



$ in thousands	Book Value	Original ETV	Updated ETV
Income properties	225,978	189,583	170,730
Development properties	145,694	53,319	53,658
	371,672	**242,902**	**224,388**

The specific factors influencing the Updated ETVs are discussed in the following pages.

Why have property values fallen so much?
(continued)

Trebla -$6.8 million: ETV reduced to the selling price in the signed but conditional APA.

- Key challenges with this property include:
  - Considerable vacancy (33%) and despite recent leasing efforts League has not been able to secure additional tenants since the last tenant vacated in March 2013;
  - Building located on the western fringe of downtown Ottawa which has low demand due to (i) new better quality product in the market and (ii) reduced rent rates for Class A office space (Trebla is Class B);
  - Federal government (65% of occupied space) has stated that future procurement will be limited to LEED certified buildings (Trebla is not LEED certified);
  - The Federal government has announced a plan to reduce current space utilization by 25% and also move workers from the downtown core to the suburbs; and
  - Significant medium term capital expenditures required for the parking garage and other deferred maintenance.

Tyee -$4.3 million: ETV reduced to the selling price in the unconditional APA.

- Key challenges with this building include:
  - The anchor tenant (Supervalue) vacated in 2009 but is contracted until 2016. While the tenant continues to pay rent, the unit is in poor condition and there are limited lease up opportunities, as the Campbell River retail market is saturated;
  - High vacancy (38% excluding Supervalue); and
  - Concerns that the market for commercial properties in the mid island area has slowed.

Quadra -$0.7 million: ETV reduced to the court approved selling price.

- Key challenges with this property include:
  - The building was recently renovated and is still in the lease up phase;
  - 3 units were damaged by a sewage leak and were only recently refurbished; and
  - Concerns over original build quality.

Why have property values fallen so much?
(continued)

Broughton -$0.7 million: ETV reduced to the court approved selling price.

- Key challenges with this property include:
  - The building is generally 'tired' and has about $900,000 of deferred maintenance that will be required over the next few years; and
  - The building has had considerable vacancy (currently at 52%) and no new tenants have been obtained in the last 2 years. Lack of lease up has been attributable to the high level of operating costs.

Anderson Crossing -$1.4 million: ETV reduced to actual court approved selling price.

- Key challenges with this property include:
  - Vacancy of 24% is substantial and indicative of a soft tenant market. Units have been vacant since construction was completed in 2012; and
  - Leasing rates are higher than competing properties.

Sundel Square -$1.7 million: ETV reduced to actual court approved selling price.

- Key challenges with this property include:
  - Significant vacancy in the building (72%) with competition for new tenants from other vacant buildings in the area;
  - Poor property management with water damage not being detected or rectified for a significant period of time; and
  - Redevelopment potential, while real, is medium to long term due to the slow market absorption for this type of offering.

Merivale -$0.6 million: ETV reduced to actual court approved selling price.

- Key challenges with the property include:
  - The building has no road frontage;
  - The layout was very poor;
  - The building has no elevator access; and
  - The building and parking lot are generally "tired" and require repairs.

Market Square -$0.7 million: ETV reduced to expected selling price.

- Key challenges with this property include:
  - A large vacant unit exists (approximately 11,000 SF) and the leasing market is soft. Significant capital expenditures are required to finish this unit if a tenant is secured.

La Salle -$1.5 million: ETV reduced to the price in a LOI submitted.

- Key challenges with this property include:
  - 94% of leases for current tenants are due to expire within five years;
  - One tenant, Robert Ellis (25% of total leased space), has a remaining lease term of 54 months to 2018. However the lease has a cancellation option that can be exercised in 2015, which will allow the tenant to break the lease if they no longer require the space.

What has happened to the properties?

As at the June 15, 2014 the status of the properties is as follows:

- ***8** properties have been sold or have been court approved;*
- ***4** properties are under APAs or LOIs;*
- ***2** properties are listed for sale;*
- ***2** properties are proposed to be released to LP unit holders;*
- ***6** properties have been or will be transferred to lenders.*

$ in thousands	Location	Book Value	Original ETV	Updated ETV
A) Properties sold (realized) or court approved				
Quadra Village Apartments	Victoria, BC	13,800	11,700	11,000
Merivale	Ottawa, ON	3,140	2,350	1,760
Broughton Professional Bldg.	Victoria, BC	4,170	3,400	2,700
Westlock Plaza	Westlock, AB	3,600	2,290	2,290
Anderson Crossing	Vernon, BC	14,500	13,563	12,200
Sundel Square	Langley, BC	6,200	5,500	3,800
Rosewood	Hamilton, ON	13,200	12,500	12,125
Cowichan	Duncan, BC	6,588	7,200	7,200
Properties sold (realized) or court approved (A)		**65,198**	**58,503**	**53,075**
B) Properties listed for sale				
Dodson Plaza (B)	Drayton Valley, AB			
LaSalle Commercial (B)	Montreal, QC			
Trebla Building (A)	Ottawa, ON			
Tyee Plaza (A)	Campbell River, BC			
Stettler Town Centre (A)	Stettler, AB			
Market Square (A)	Fort Saskatchewan AB			
Properties listed for sale (B)		**93,540**	**80,525**	**67,100**
Subtotal (A+B)		**158,738**	**139,028**	**120,175**
C) Properties proposed to be released to unit holders				
Stoney Range Industrial	Balzac, AB	11,250	10,575	10,575
Gatineau Redevelopment	Gatineau, QC	4,840	21,000	21,000
Properties proposed to be released to unit holders (C)		**16,090**	**31,575**	**31,575**
D) Properties transferred or proposed to be transferred to lenders				
Jesken Development	Saanichton, BC	1,114	650	650
Colwood Development	Colwood, BC	136,983	29,193	29,193
Duncan Mall, Plaza & Village	Duncan, BC	45,800	33,900	33,900
Evolve	Grand Prairie, AB	190	180	180
710 Redbrick St.	Victoria, BC	10,000	5,900	5,900
Arrow Road Development	Toronto, ON	2,757	2,475	2,813
Properties transferred to lenders (D)		**196,844**	**72,299**	**72,638**
Overall total (A+B+C+D)		**371,672**	**242,902**	**224,388**

(A) Properties subject to sale agreements or LOIs (Trebla, Tyee, Stettler, Market Square)
(B) Properties not subject to sale agreements or LOIs and will be dealt with after June 30 , 2014 (Dodson and La Salle)

C) Properties proposed to be released to unit holders: League is currently negotiating to release 2 properties to the LPs' unit holders.

Stoney Range: Project was acquired in May 2013. It is anticipated that greater value can be returned to unit holders if the property continues to operate "as is" in the short to medium term and is not sold immediately.

Gatineau: Project has potential upside if rezoning is achieved and the property redeveloped. If achieved, it is anticipated that this will generate a higher return to unit holders as opposed to, what would be achieved by selling the property immediately.

D) Properties which have been or will be transferred to lenders due to projected net proceeds being lower than the secured loan balance. As a result no excess will be available for distribution to unsecured creditors or unit holders.

What has happened to the investments?

$33 million has been realized to date from investments.

The Monitor has assessed the recoverability of the remaining investments to be realized and estimates that a further $6 million may be recovered.

5 investments have been realized to date

- Shareholding in Harris Fraser (April 2014);
- Interest in Tsawwassen (January 2014);
- Shareholding in Partners REIT (December 2013);
- Partners REIT management contract termination fee of $1.5 million (December 2013);
- Cash on hand being receivables at filing converted to cash.

League and the Monitor are in the process of realizing on the remaining investments

- The Monitor has assessed the recoverability of the remaining investments, Original ETV. Material investments not realized to date include:
  - Monarch – A sale agreement is in place and expected to be completed in the Fall of 2014;
  - Fort St. John – League is currently working with the secured lenders with an interest on this land to commence foreclosure and realize on this property. Recovery is in early stages and likely to take 6 -9 months; and
  - Green Tree – The principals of Green Tree have acknowledged a loan payable to League. Recovery is dependent upon Green Tree completing a transaction to generate cash, however the likelihood is uncertain at this stage.
- Other investments comprise approximately 17 loans. Recoverability is expected to be minimal.

$ in thousands	Book Value	Original ETV	Updated ETV
A) Investments (realized)			
Shareholding - Harris Fraser	1,700	700	700
Shareholding - Partners REIT	24,205	27,110	27,110
Other - Partners REIT M'mgt contract	-	-	1,500
Shareholding -Tsawwassen	759	759	759
Cash on hand	2,651	2,651	2,651
	29,315	**31,220**	**32,720**
B) Investments (not realized)			
Shareholding - Monarch / Catalyst			
Mortgage - Fort St. John			
Loan - Green Tree			
Mortgage Receivable - Nobhill Property			
Other Loans			
	15,929	**6,208**	**6,208**
Total (A+B)	**45,244**	**37,429**	**38,929**

Source: League's books and records

What has happened to the Intergroup receivables owing from White Box Entities?

$0.5 million has been realized to date from Intergroup receivables.

The Monitor has assessed the recoverability of the Intergroup receivables to be realized and estimates that a further $0.6 million may be recovered.

Two Intergroup receivables have been recovered to date

- The property owned by Place Trans Canadienne LP was sold in February 2014 and Intergroup balances owing were paid;
- The Eagle Landing Development LP Management fees were received.

The Monitor has assessed the recoverability of the remaining Intergroup receivables

- The Eagle Landing Retail Development amount will be received when a distribution is paid from its wholly owned subsidiary. The timing of the payment is uncertain as it is dependent upon the operations of the underlying asset.
- The Monitor notes that there are approximately 6 Intergroup receivables included within other receivables. The Monitor is of the view that recovery of these amounts is uncertain and therefore, recovery has been estimated to be nil.

$ in thousands	Book Value	Original ETV	Updated ETV
A) Intergroup receivables (realized)			
Eagle Landing Development LP	152	152	152
Place Trans Cannadienne Comm. LP	293	310	310
	445	**462**	**462**
B) Intergroup receivables (not realized)			
Eagle Landing Retail Development LP	545	545	545
IGW Capital Inc.	248	-	-
Other receivables	66	7	7
	859	**552**	**552**
Total (A+B)	**1,304**	**1,014**	**1,014**

Source: League's books and records

Will League complete a restructuring?

League has concluded that a liquidation of its operations and remaining assets, rather than seeking to implement a restructuring and continuing operations, is in the best interest of all its stakeholders.

The wind-up of League's operations is expected to be completed by the end of 2014 after which distributions to stakeholders will be made as applicable pursuant to court orders.

- League has worked hard to explore and develop potential restructuring options for its stakeholders while it sought to realize equity from its properties. As the Updated ETV's were substantially less than expected, the lack of equity in League's properties became a significant obstacle to a restructuring.
- One of the options explored by League was re-financing several properties owned by IGW REIT so a restructuring plan for IGW REIT and certain other entities could be developed. A total of 4 financing partners were specifically targeted based on the unique nature of IGW REIT's remaining assets and 2 submitted proposals. However, after further negotiations and analysis, League concluded that the liquidation of all remaining IGW REIT assets was the best option for its stakeholders and that a going concern restructuring was not feasible.
- League conducted an extensive evaluation of the Colwood properties with the assistance of Cushman & Wakefield and concluded that the original vision for the property was significantly different than what the current market for Colwood and the surrounding area would bear. A revised plan for the properties that reflects the current market conditions was not expected to generate a return to equity holders after taking into consideration the current level of secured debt and additional financing required.
- League's remaining income producing properties do not generate sufficient cash flow to service the existing debt, corporate overhead and capital expenditure requirements. Further, a number of League's remaining properties are development properties for which League is unable to raise capital to complete the development process.
- During the course of the CCAA process, League reduced its corporate employee count and overhead costs and its property management and development management capabilities were eliminated. As a result, League now has little capability to manage development projects.
- Given all these factors, League has concluded, with the concurrence of the Monitor, and after consultation with certain key stakeholders, that a liquidation of its assets is in the best interest of its stakeholders. As a result, it has commenced the wind-up of its operations. Key elements of the wind-up plan are as follows:
  - League's remaining properties have been listed for sale and they will be sold subject to approvals from League's remaining secured mortgage lenders on a property by property basis;
  - Responsibility for the sale of Colwood has been assumed by a group of its secured lenders; and
  - League has commenced negotiations for its removal and release as general partner and as manager from Stoney Range Industrial LP and Gatineau Centre Development LP, as well as certain White Box Entities, so these entities can continue in existence for the benefit of their stakeholders.

What happens next?

47% of League's assets have been realized to date. 53% ($140 million) must still be realized (or released to stakeholders) for the benefit of League's unsecured creditors and equity unit holders.

Assets Realized $124 million (47%)

- 8 properties have been sold;
- 4 have been released to secured lenders as there is no recovery beyond the secured debt expected;
- 5 investments sold/realized, with the largest sale being the interest in Partners REIT ($27 million);
- $3.4 million of the $11.6 million of interim financing obtained by League (to fund corporate overheads) during the CCAA process has been repaid; and
- Distributions to unsecured creditors or Investor noteholders cannot be made at this time as the interim financing must be repaid first.

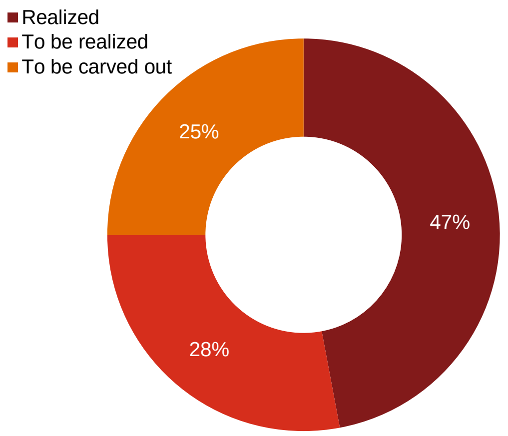
Assets to be Realized $74 million (28%)

- 6 properties are currently listed for sale (4 of which are under sale agreements or LOI's – total ETV $40 million;
- 4 material investments to be realized (1 of which is under a sale agreement – ETV $0.7 million);
- $0.6 million of Intergroup receivables to be collected.

Assets to be Carved Out $66 million (25%)

- 2 two additional properties are to be transferred to secured lenders (Duncan and Jesken – total ETV $35 million);
- Negotiations for the release of the other Investment Entities to their stakeholders must still be completed (Gatineau and Stoney Range - total ETV $31 million).

$ in thousands	Realized	To be realized	To be carved out	Total
Properties	91,162	67,100	66,125	224,388
Investments	32,720	6,208	-	38,929
Intergroup receivables	462	552	0	1,014
	124,344	**73,860**	**66,126**	**264,331**
% of total assets	*47%*	*28%*	*25%*	



Who gets the money?

A detailed analysis of the current estimated recoveries for League's creditors and Investors has been completed. This is called the Waterfall Analysis.

The Waterfall Analysis contains numerous estimates and assumptions and is based on current information. To the extent that actual results vary from the estimates or the assumptions, the results for stakeholders will vary from the Waterfall Analysis.

The Waterfall Analysis

- The Waterfall Analysis is a detailed analysis of the current estimated recoveries for League's creditors and Investors. It has been prepared on the assumption that all of League's assets are either realized or carved out of League and League's operations are wound up as opposed to restructured.
- The Waterfall Analysis organizes League into one Corporate Entity (League Assets LP) and the Investment Entities. The Waterfall Analysis reflects the corporate structure of League in the calculation of its results. The projected recoveries to specific creditors and Investors is dependent upon the entity against which they have claims.

- The Waterfall Analysis has been prepared using actual and current estimated recoveries from asset realizations as well as projected wind-up costs and admitted, contingent and disputed creditor claim amounts. Accordingly, the Waterfall Analysis is fluid with projected recovery rates which cannot be finalized or definitively relied upon until all asset realizations are completed, all creditor claim amounts are resolved and the LOF Noteholder application is determined.
- The results of the Waterfall Analysis are presented in two formats:
  - Recoveries by claim type – this format illustrates the recoveries by claim type (secured claims, unsecured claims and equity claims) for all of League. Recoveries by claim type are presented in the following pages and summarized in Appendices 4 to 7.
  - Recoveries by Corporate or Investment Entity – this format outlines the asset recoveries, wind-up costs and estimated distributions by claim type for each entity. These results are contained in Appendix 8.

Who gets the money?
(continued)

Basis of Waterfall Analysis

Asset recoveries

- The Waterfall Analysis uses the Updated ETVs for the properties. Where properties have been sold or are under a contract of sale, the Updated ETVs are based on contract values.
- Recovery values for investments reflect either Updated ETVs or other estimates made in consultation with League.

Allocation of wind-up costs

- Property selling costs (such as realtor commissions) and closing adjustments (such as outstanding property taxes, tenant deposits) have been applied to specific properties.
- Corporate overhead includes the costs to operate League and professional fees during the CCAA proceedings and have been estimated assuming that League will be wound up by March 31, 2015. These costs have been allocated pursuant to the allocation provisions in the Court Order dated October 25, 2013. Costs specific to assets have been attributed to those assets. General costs have been allocated to specific entities on the basis of the relevant asset's equity calculated after deduction of secured claims from the asset's estimated value.

Creditor & Investor claims

- Creditor and Investor claims are based on the results of the Claims Process. Certain claims have not been finally determined and in such cases, these claims have been reflected in the Waterfall Analysis based on the Monitor's view of their proper treatment without prejudice to the final determination of such claims pursuant to the Claims Process. As such, the Waterfall Analysis remains fluid and will be updated as claims and the LOF Noteholder application is resolved.
- TimberCreek provided League with a revolving credit facility, which was secured by a "blanket" mortgage on a number of properties. The TimberCreek debt has been allocated based on the equity of the property after deducting prior ranking charges from the estimated proceeds.
- Intergroup claims have been incorporated into the Waterfall Analysis. Due to the extensive number of claims, payments of these claims by one entity can have a significant effect on the recovery for another entity. Certain intergroup loans discussed in the Monitor's 12th report were reported to have security or a priority interest. The treatment of these claims is shown in the table below:

$ in thousands Type	Lender	Loan balance
Secured	IGW Properties LP I - Rosewood Loan	10,574
Secured	IGW REIT LP - Fort St. John	6,032
Secured	IGW REIT LP - North Vernon	4,089
Secured	MP Consolidated Properties LP - Sundel Square	3,897
Unsecured	IGW REIT LP - Duncan City Centre LP	22,206
Unsecured	IGW REIT LP - Colwood City Centre LP	99,646
Unsecured	IGW REIT LP - IGW Res Cap & Sundel Square	11,705
Total		**158,149**

- IGW REIT had received redemption request notices totalling $17 million as at the Filing Date. Based on a review by legal counsel, these unit holders were determined to have no different claim than unit holders who had not filed a redemption request.

Who gets the money?
(continued)

Summary of current estimated recoveries

- Set out in the table to the right is a summary of the Waterfall Analysis prepared on a consolidated basis for all Yellow Box Entities as at June 20, 2014.
- In aggregate, secured creditors are projected to receive 90% of the current estimated recoverable value from League's assets.
- Unsecured creditor claims are projected to receive 4% of the current estimated recoverable value while Investors will receive the remaining 6%.
- These projected values include values for stakeholders who may receive their recoveries in kind rather than in cash. This includes mortgage lenders who are realizing on League properties through foreclosure proceedings and Investors in Stoney Range Industrial LP and Gatineau Centre Development LP who may benefit from these entities being carved out of League rather than have these properties sold.

Consolidated Waterfall Analysis as at June 20, 2014 $ in thousands	Current estimated recovery
Assets	
Property proceeds	224,388
Investments	38,929
Intergroup receivables	1,014
Total Asset Recoveries	**264,331**
Wind-up costs	
Sales costs / closing adjustments	(11,252)
Corporate overheads	(17,265)
Total wind-up costs	**(28,517)**
Secured debts	
Mortgages	(193,372)
Secured investor notes	(16,641)
Other secured claims	(1,790)
Distributions to secured creditors	**(211,803)**
Funds Available for Distribution	**24,011**
Unsecured general creditor claims	(2,013)
Unsecured investor notes	(2,989)
Unsecured guarantee payments	(5,156)
Intergroup payables	(707)
Total distribution to unsecured creditors	**(10,865)**
Funds available for distribution to equity investors	**13,146**

Source: PwC analysis

Who gets the money?
(continued)

Most mortgage lenders are projected to be repaid in full.

Recoveries for secured Investor notes and other secured claims vary by entity.

24 of 28 mortgage lenders are expected to receive a full recovery

- $193 million is projected to be paid to mortgage lenders owed $199 million. Total recoveries to these lenders include payments under guarantees. Appendix 4 details the projected recovery for each lender.
- 4 mortgage lenders are expected to receive a partial recovery as outlined in the table below:

Lender $ in thousands	Loan Balance	Estimated recovery from security	Estimated recovery from guarantee	Estimated total recovery	Estimated shortfall	Estimated recovery rate
Addenda Capital	2,052	559	81	641	1,412	31%
Concentra Financial	18,761	uncertain	776	uncertain	unknown	unknown
EDC	2,318	2,036	79	2,115	204	91%
First National Financial	218	167		167	51	77%
Total	**23,349**	**2,762**	**936**	**2,923**	**1,667**	

Source: PwC analysis

Recoveries for secured Investor notes vary

Investment $ in thousands	Total invested	Current estimated recovery from investment	Current estimated recovery from guarantee	Total current estimated recovery	Current estimated recovery rate
Colwood City Centre LP - Class B term notes	11,960	9,995	-	9,995	84%
Colwood City Centre LP - Class M term notes	3,500	3,500	-	3,500	100%
Colwood City Centre LP - July 2013 term notes	80	-	-	-	0%
Gatineau Centre Dev. LP - secured notes	968	968	-	968	100%
League Opportunity Fund limited notes	13,470	1,745	2,573	4,318	32%
Stoney Range Industrial secured notes	433	433	-	433	100%
Total secured investor notes	**30,411**	**16,641**	**2,573**	**19,214**	**63%**

Source: PwC analysis

- Recoveries for secured investors' notes in Colwood are expected to be high based on the Updated ETV. However, there is significant uncertainty in this valuation given that the project has yet to be marketed and is a development project, values offered by prospective purchasers may vary significantly depending upon their vision for the project.
- Recoveries for the LOF Noteholders will depend upon the outcome of a pending application to the Court for the granting of an equitable charge. This application is discussed in the Monitor's 19th Report. Should the LOF Noteholders be partially or wholly successful on their application, the Waterfall Analysis will be amended to reflect that result.

Other secured claims are expected to receive only partial recovery

- $1.8 million is projected to be paid to other secured claims who have total claims of $7.5 million. Appendix 5 contains a schedule outlining the recovery details for these other secured claims.

Who gets the money?
(continued)

$10.9 million is projected to be available for unsecured creditors and unsecured claims pursuant to guarantees.

No or minimal recovery is available for employee claims depending on whether the employer was LAC or League Investment Services Inc.

Recoveries for general creditors and unsecured Investor notes vary by entity.

Most unsecured general creditors will not receive any recovery

- General creditors include trade creditors and employees. The majority of the general creditors have claims against LAC. There are no funds available for unsecured creditors of LAC.
- Some employee claims are against League Investment Services Inc. where the recovery is projected to be minimal.
- In aggregate, $2.1 million is expected to be paid on $23.2 million of general claims resulting in an average recovery level of 9%. Current estimated recoveries by legal entity for general creditors are outlined in Appendix 6.

Recoveries for unsecured Investor notes recoveries vary

- In aggregate, $3.7 million is projected to be available for unsecured noteholders with claims of $43 million resulting in an average recovery of 9%.

Investment $ in thousands	Total invested	Current estimated recovery from investment	Current estimated recovery from guarantee	Total current estimated recovery	Current estimated recovery rate
Gatineau Centre Development Convertible Notes	601	651	-	651	108%
IGW REIT .985 Feb 2012 Notes	1,171	262	-	262	22%
IGW REIT Term Note July 2012	8,740	1,954	370	2,324	27%
LALP Class II Part B LP Notes	2,070	114	-	114	6%
LALP Class II Part A LP Notes	100	8	-	8	8%
League Investment Fund Limited Notes	1,579	-	353	353	22%
Colwood City Centre Class I Term Notes	1,844	-	-	-	0%
Colwood City Centre Class II Term Notes	13,767	-	-	-	0%
Colwood City Centre Tern Note	2,721	-	-	-	0%
Duncan Debenture Renewal 2011	4,945	-	-	-	0%
Duncan Term Note 2011	6,000	-	-	-	0%
Total unsecured investor notes	**43,538**	**2,989**	**723**	**3,712**	**9%**

Source: PwC analysis

Who gets the money?
(continued)

$5.2 million is projected to be available for creditors with unsecured guarantee claims.

Guarantees are projected to benefit certain stakeholders

- Certain stakeholders obtained unsecured guarantees as part of their investment in League. $5.2 million is projected to be available for these stakeholders on account of their guarantees.

Lender $ in thousands	Type	Total invested	Estimated recovery from investment	Estimated recovery from guarantee	Total Estimated recovery	Estimated recovery rate
Addenda Capital	Mortgage	2,052	559	81	641	31%
Concentra Financial	Mortgage	18,761	uncertain	776	uncertain	unknown
EDC	Mortgage	2,318	2,036	79	2,115	91%
League Opportunity Fund Limited Notes	Secured Investor Debentures	13,470	1,745	2,612	4,356	32%
IGW REIT Term Note July 2012	Unsecured Investor Debentures	8,740	1,955	370	2,325	27%
League Investment Fund Limited Notes	Unsecured Investor Debentures	1,579	-	353	353	22%
IGW Public LP - Class A	Equity	4,870	973	885	1,858	38%
Total		**51,790**	**7,268**	**5,156**	**11,648**	

Source: PwC analysis

Who gets the money?
(continued)

$279 million or 95% of the $295 million in equity investments is projected to have been lost.

Recoveries for equity investments are projected to be minimal

- Recoveries for equity investments vary by Investment Entity and the specific investments purchased.
- $14 million is available to Investors holding equity investments. This represents a 5% recovery on the $295 million invested in equity investments. The table below outlines which equity investments are expected to receive a recovery.
- The projected recovery for all other equity investments is nil.

Investment $ in thousands	Total invested	Current estimated recovery from investment	Current estimated recovery from guarantee	Total current estimated recovery	Current estimated recovery rate
Gatineau Centre Development LP - Class A	4,892	9,336	-	9,336	191%
Tsawassen Retail Power Centre LP - Class P	1,368	395	-	395	29%
Londondale Shopping Centre LP	60	4	-	4	7%
Stoney Range Industrial LP - Class P	2,298	1,982	-	1,982	86%
IGW Energy Capital LP	-	13	-	13	
Cowichan District Financial Centre LP Units	2,094	443	-	443	21%
IGW Public LP - Class A	4,870	973	885	1,858	38%
Subtotal	**15,582**	**13,146**	**885**	**14,031**	**90%**
Other equity investments	**278,911**	**-**	**-**	**-**	0%
Total equity	**294,493**	**13,146**	**885**	**14,031**	**5%**

Source: PwC Analysis

Are there any other forms of recovery?

Certain stakeholders have filed DO&T claims in accordance with the Claims Process Order.

Investors should also consult their personal tax advisor with respect to the appropriate tax treatment of any loss they incur from their investment in a League entity.

Director, Officer and Trustee (DO&T) claims

- Certain stakeholders have filed DO&T claims in accordance with the Claims Process Orders by the Court.

Recoveries from income tax filings

- Investors in IGW REIT or Investment Entities formed as limited partnerships received distributions of income or losses each year from these investments as detailed on their tax slips.
- As noted previously, certain distributions to equity unit holders were not supported by profits and cash generated from operations. The tax reporting for these distributions was reviewed by the Monitor to ensure that Investors were not allocated income taxable in the hands of the Investor upon receipt of these distributions. Based on the review, it appears that income was not allocated to Investors and a portion of the distributions was treated as a return of capital. This may affect the tax base of the Investor's investment and impact the amount of loss, if any, that an Investor will be able to claim from its investment in a League entity. Investors should consult their personal tax advisors with respect to the treatment of any loss they incur on their investments.
- Additional tax slips will be issued by League to Investors that will incorporate the results of the wind-up process and may result in further recoveries in the form of tax credits and refunds.

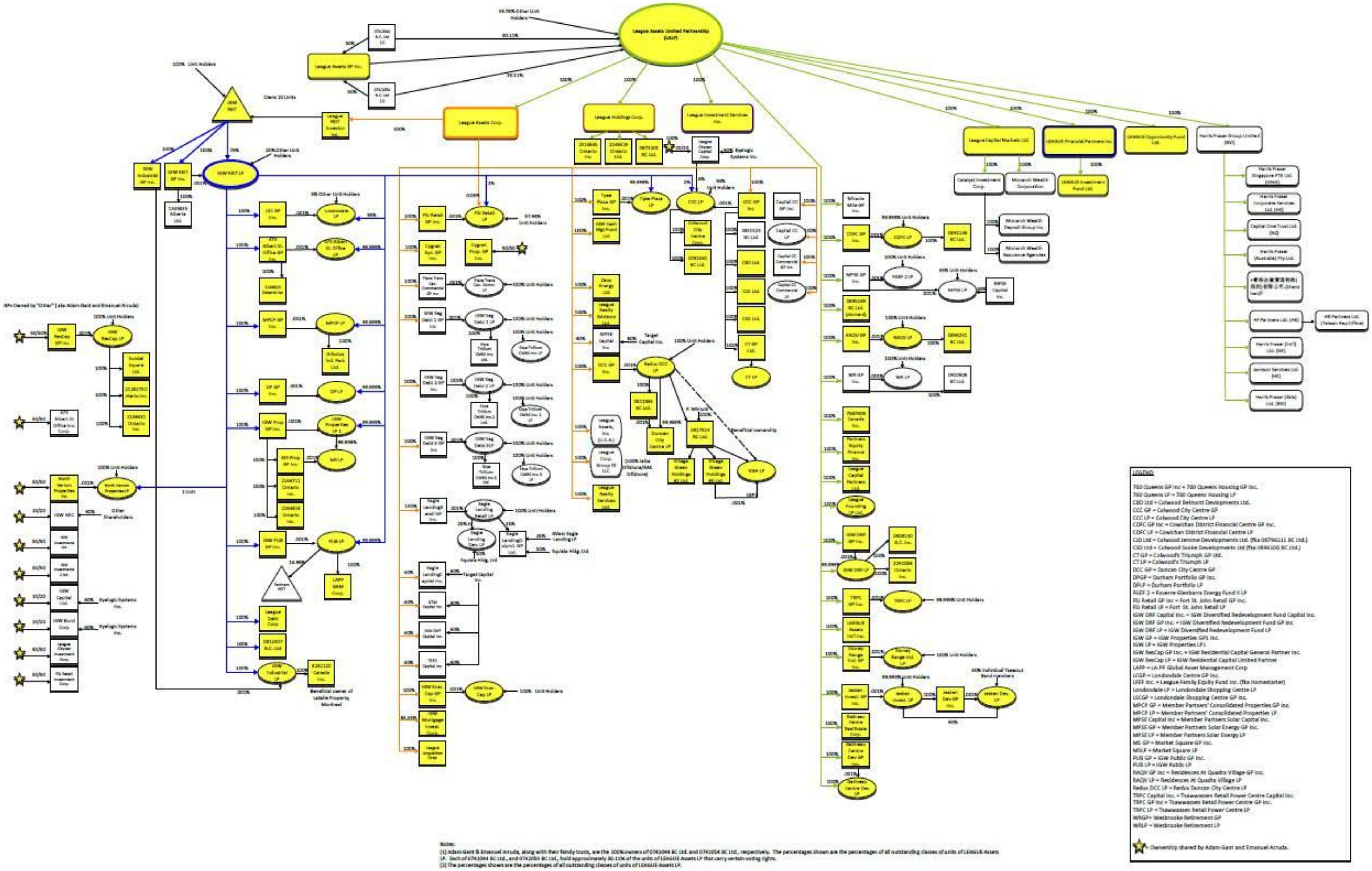
Personal Guarantees made by the Founders

- The Founders personally guaranteed $126 million in debt owing by Corporate Entities and Investment Entities. Based on the Waterfall Analysis, the Founders may face claims of approximately $3.9 million from these lenders, as a result of League's inability to repay them in full.
- The Monitor is not aware of the personal net worth of the Founders and whether they have the financial ability to satisfy these claims.

Appendices

Appendix 1

League's organizational structure


League Assets Limited Partnership (LALP)
League Assets GP Inc.
League Assets Corp.
League Holdings Corp.
League Investment Services Inc.
League Capital Markets Ltd.
LEAGUE Financial Partners Inc.
LEAGUE Opportunity Fund Ltd.
Harris Fraser Group Limited (BVI)
IGW REIT
IGW REIT LP
LEGEND
760 Queens GP Inc = 760 Queens Housing GP Inc.
760 Queens LP = 760 Queens Housing LP
CBD Ltd = Colwood Belmont Devlopments Ltd.
CCC GP = Colwood City Centre GP
CCC LP = Colwood City Centre LP
CDFC GP Inc = Cowichan District Financial Centre GP Inc.
CDFC LP = Cowichan District Financial Centre LP
CJD Ltd = Colwood Jerome Developments Ltd. (fka 08796111 BC Ltd.)
CSD Ltd = Colwood Sooke Developments Ltd (fka 0896106 BC Ltd.)
CT GP = Colwood's Triumph GP Ltd.
CT LP = Colwood's Triumph LP
DCC GP = Duncan City Centre GP
DPGP = Durham Portfolio GP Inc.
DPLP = Durham Portfolio LP
FGEF 2 = Foverre Glenbarra Energy Fund II LP
FSJ Retail GP Inc = Fort St. John Retail GP Inc.
FSJ Retail LP = Fort St. John Retail LP
IGW DRF Capital Inc. = IGW Diversified Redevelopment Fund Capital Inc.
IGW DRF GP Inc. = IGW Diversified Redevelopment Fund GP Inc
IGW DRF LP = IGW Diversified Redevelopment Fund LP
IGW GP = IGW Properties GP1 Inc.
IGW LP = IGW Properties LP1
IGW ResCap GP Inc. = IGW Residential Capital General Partner Inc.
IGW ResCap LP = IGW Residential Capital Limited Partner
LAPP = LA PP Global Asset Management Corp
LCGP = Londondale Centre GP Inc.
LFEF Inc. = League Family Equity Fund Inc. (fka Homestarter)
Londondale LP = Londondale Shopping Centre LP
LSCGP = Londondale Shopping Centre GP Inc.
MPCP GP = Member Partners' Consolidated Properties GP Inc.
MPCP LP = Member Partners' Consolidated Properties LP
MPSE Capital Inc = Member Partners Solar Capital Inc.
MPSE GP = Member Partners Solar Energy GP Inc.
MPSE LP = Member Partners Solar Energy LP
MS GP = Market Square GP Inc.
MSLP = Market Square LP
PUB GP = IGW Public GP Inc.
PUB LP = IGW Public LP
RAQV GP Inc = Residences At Quadra Village GP Inc.
RAQV LP = Residences At Quadra Village LP
Redux DCC LP = Redux Duncan City Centre LP
TRPC Capital Inc. = Tsawwassen Retail Power Centre Capital Inc.
TRPC GP Inc = Tsawwassen Retail Power Centre GP Inc.
TRPC LP = Tsawwassen Retail Power Centre LP
WRGP= Westbrooke Retirement GP
WRLP = Westbrooke Retirement LP
= Ownership shared by Adam Gant and Emanuel Arruda.
Notes:
[1] Adam Gant & Emanuel Arruda, along with their family trusts, are the 100% owners of 0743044 BC Ltd. and 0742054 BC Ltd., respectively. The percentages shown are the percentages of all outstanding classes of units of LEAGUE Assets LP. Each of 0743044 BC Ltd., and 0742054 BC Ltd., hold approximately 30.11% of the units of LEAGUE Assets LP that carry certain voting rights.
[2] The percentages shown are the percentages of all outstanding classes of units of LEAGUE Assets LP.

Appendix 2

Listing of all League properties

Listing of all League properties

The schedule presented shows all properties purchased and sold during the operation of League.

Property name	Type	Purchased	Sold	Location	Description
Sundel	Income	2005	PF[1]	Langley, BC	Retail/Commercial Office space
Arbutus	Income	2005	2013	Parksville, BC	Industrial development park
Londondale	Income	2005	2013	Edmonton, BC	Retail shopping centre
Vinets	Income	2005	2013	Vegreville, AB	Retail property
Cygnet	Income	2005	2012	Port Alberni, BC	Residential building
Broughton	Income	2006	PF[1]	Victoria, BC	4 floor multi-tenant office building
Merivale	Income	2006	PF[1]	Ottawa, ON	2 storey mixed use building
Westlock	Income	2006	PF[1]	Westlock, AB	3 buildings in multi-tenant shopping centre
Dodson	Income	2006	n/a	Drayton Valley, AB	2 buildings multi-tenant retail
Market Square	Income	2006	n/a	Fort Saskatchewan AB	4 buildings multi-tenant shopping centre
Camrose	Income	2006	2013	Camrose, AB	Retail shopping centre
Kensington	Income	2006	2010	Edmonton, AB	Retail property
Rosewood	Income	2007	PF[1]	Hamilton, ON	Residential building
Colwood	Development	2007	n/a	Colwood, BC	Multi-phase retail/office/residential dev.
Tyee	Income	2007	n/a	Campbell River, BC	Multi-tenant retail complex
Carlton	Income	2007	2013	Prince Albert, SK	Retail property
Seaway Village	Income	2007	2013	Cornwall, ON	Retail property
Wellington	Income	2007	2013	Hamilton, ON	Residential building
Tiffany Apartments	Income	2007	2012	Esquimalt, BC	Residential/Retail
Durham	Income	2007	2012	Oshawa, ON	Residential building
Fort Saskatchewan	Development	2007	2011	Fort Saskatchewan, AB	Industrial land
Anderson Crossing	Income	2008	PF[1]	Vernon, BC	Multi-tenant shopping centre
Duncan	Income	2008	n/a	Duncan, BC	Commercial mall, plaza and village
Stettler	Income	2008	n/a	Stettler, AB	1 building multi-tenant retail
Trebla	Income	2008	n/a	Ottawa, ON	Multi-tenant 11 storey office building
Evolve	Income	2008	n/a	Grand Prairie, AB	Residential condo unit
Chimney Springs	Income	2008	2013	Vegreville, AB	Three storey apartment building
Westwinds	Income	2008	2013	Taber, AB	Retail property
Brandon	Income	2008	2012	Brandon, MB	Retail property
Empire Building	Income	2008	2012	Hamilton, ON	Retail/Office building
80 Aberdeen	Income	2009	2012	Ottawa, ON	Office building
Cowichan	Income	2010	PF[1]	Duncan, BC	3 storey commercial office property
Redbrick	Income	2010	n/a	Victoria, BC	3 storey office building
Arrow Road	Development	2011	PF[1]	Toronto, ON	Industrial building
Quadra	Income	2011	n/a	Victoria, BC	Multi-unit low-rise residential
La Salle	Income	2012	n/a	Montreal, QC	Multi-tenant industrial property
South Sheridan	Income	2012	2013	Mississauga, ON	Industrial
Gatineau	Development	2013	n/a	Gatineau, QC	Lands for multi-phase development
Jesken	Development	2013	n/a	Saanichton, BC	Lands for multi-phase retail development
Stoney Range	Income	2013	n/a	Balzac, AB	Multi-tenant industrial property

[1]Properties sold post-filing October 18, 2013.

Appendix 3

Properties at the Filing Date

Properties at the Filing Date

The schedule shows the current status of all properties owned by League as at the Filing Date.

A) Properties sold (realized) or court approved		**Comments**
Quadra Village Apartments	Victoria, BC	Sale approved June 12, 2014 expected to close July 2, 2014
Merivale	Ottawa, ON	Sale closed June 9, 2014
Broughton Professional Bldg.	Victoria, BC	Sale approved June 2, 2014 expected to close June 23, 2014
Westlock Plaza	Westlock, AB	Sale closed December 4, 2013
Anderson Crossing	Vernon, BC	Sale closed May 15, 2014
Sundel Square	Langley, BC	Sale closed May 7, 2014
Rosewood	Hamilton, ON	Sale closed March 10, 2014
Cowichan	Duncan, BC	Sale closed November 29, 2013
B) Properties listed for sale		
Dodson Plaza	Drayton Valley, AB	Currently listed for sale
LaSalle Commercial	Montreal, QC	Offers expected June 20, 2014
Trebla Building	Ottawa, ON	APA in place, due diligence underway
Tyee Plaza	Campbell River, BC	APA in place, due diligence underway
Stettler Town Centre	Stettler, AB	Offer accepted, APA in process
Market Square	Fort Saskatchewan AB	Offer accepted, APA in process
C) Properties proposed to be released to unit holders		
Stoney Range Industrial	Balzac, AB	Discussions underway
Gatineau Redevelopment	Gatineau, QC	Discussions underway
D) Properties transferred or proposed to be transferred to lenders		
Jesken Development	Saanichton, BC	Discussions underway
Colwood Development	Colwood, BC	Secured note holders obtained conduct of sale
Duncan Mall, Plaza & Village	Duncan, BC	Negotiating transfer to secured lender
Evolve	Grand Prairie, AB	Mortgage lender obtained conduct of sale
710 Redbrick St.	Victoria, BC	Mortgage lender obtained conduct of sale
Arrow Road Development	Toronto, ON	Mortgage lender obtained conduct of sale, sold May 1, 2014

Appendix 4

Projected recoveries of mortgage lenders

Mortgage lenders are currently projected to recover $193 million from the League Properties

$2.4 million of the recoveries are pursuant to guarantees. This represents a projected 97% recovery rate.

4 mortgage lenders are projected to experience shortfalls.

Lender $ in thousands	Loan balance	Current estimated recovery from security	Current estimated recovery from guarantee	Current estimated total recovery	Current estimated shortfall	Current estimated recovery rate
Properties sold or handed back						
360305 BC Ltd	987	987	-	987	-	100%
Addenda Capital	2,119	626	81	707	1,412	33%
Albert Walters Loan	661	661	-	661	-	100%
All Canadian Mortgage Corporation	720	720	-	720	-	100%
BCMP Loan	10,029	10,029	-	10,029	-	100%
BDC & Peace Hills Trust - Pari Passu	12,877	12,877	-	12,877	-	100%
Canadian Western Bank	1,317	1,317	-	1,317	-	100%
Canadian Western Bank	6,606	6,606	-	6,606	-	100%
Citizens Bank of Canada	1,922	1,922	-	1,922	-	100%
Coast Community Credit Union	4,260	4,260	-	4,260	-	100%
EDC	3,210	2,928	78	3,006	204	94%
First National Financial GP Corporation	218	167	-	167	51	77%
Envision Credit Union	2,483	2,483	-	2,483	-	100%
EPIX Mortgage (formerly Quest)	9,840	9,840	-	9,840	-	100%
Firm Capital Corporation - Loan #1	13,557	13,557	-	13,557	-	100%
Firm Capital Corporation - Loan #2	2,948	2,948	-	2,948	-	100%
Firm Capital Corporation - Loan #3	1,322	1,322	-	1,322	-	100%
Firm Capital Corporation Blanket - Loan #4	6,109	6,109	-	6,109	-	100%
Firm Capital Corporation - Loan #5	1,253	293	961	1,253	-	100%
Firm Capital Corporation - Loan #6	2,598	2,587	11	2,598	-	100%
Interior Savings Credit Union	9,773	9,773	-	9,773	-	100%
Laurentian Bank	5,549	5,549	-	5,549	-	100%
Peoples Mortgage	3,339	3,339	-	3,339	-	100%
RBC Facility	155	155	-	155	-	100%
Resolute Canada LP	5,574	5,574	-	5,574	-	100%
Roynat Capital	6,013	5,500	512	6,013	-	100%
Timbercreek Mortgage - Revolver Loan	14,604	14,604	-	14,604	-	100%
Trez Capital Corp	18,605	18,605	-	18,605	-	100%
	148,648	**145,338**	**1,643**	**146,981**	**1,667**	**99%**

Mortgage lenders are currently projected to recover $193 million from the League Properties

(continued)

Lender $ in thousands	Loan balance	Current estimated recovery from security	Current estimated recovery from guarantee	Current estimated total recovery	Current estimated shortfall	Current estimated recovery rate
Properties currently listed for sale						
4186117 Canada Inc.	2,227	-	-	-	-	-
Sun Life Assurance Company of Canada	8,502	-	-	-	-	-
Concentra Financial Services Association	18,761	-	766	-	-	-
Servus Credit Union Ltd - Dodson Mortgage	3,612	-	-	-	-	-
Servus Credit Union Ltd - Market Sq. Mortgage	3,925	-	-	-	-	-
First Calgary Savings Credit Union	2,685	-	-	-	-	-
Timbercreek - Tyee Plaza Mortgage	10,152	-	-	-	-	-
	49,864	**46,550**	**766**	**47,316**	**2,548**	**95%**
Total	**198,512**	**191,888**	**2,409**	**194,297**	**4,215**	**98%**
Unsecured guarantee payments	-	-	-	(925)	-	
Total mortgages	**$ 198,512**	**$ 191,888**	**$ 2,409**	**$ 193,372**	**$ 4,215**	**97%**

Appendix 5

Projected recoveries of other secured claims

Projected recoveries for other secured claims total $1.8 million

Creditor $ in thousands	Claim amount	Current estimated recovery from security	Current estimated recovery from guarantee	Total current estimated recovery	Current estimated shortfall	Current estimated recovery rate
AB Scale Model Ltd.	34	-	-	-	34	0%
City of Colwood	719	-	-	-	719	0%
Cowichan Tribes	515	-	-	-	515	0%
Davis LLP	307	202	-	202	105	66%
RDH Building Eng.	13	-	-	-	13	0%
Farmers Constructors Inc.	1,783	-	-	-	1,783	0%
Glotman Simpson	132	-	-	-	132	0%
Musson Cattell Mackey Partnership	452	-	-	-	452	0%
Maxium Financial	3,504	1,588		1,588	1,916	45%
	7,459	**1,790**	**-**	**1,790**	**5,669**	**24%**

Appendix 6

Projected recoveries for general claims

Projected recoveries for general claims total $2 million and vary by legal entity

Employee claims against LAC are projected to receive no recovery.

Employee claims against League Investment Services Inc. are projected to receive a 1% recovery.

Debtor legal entity $ in thousands	Claim amount	Current estimated recovery	Current estimated recovery rate
0781591 BC Ltd.	-	-	0%
0811883 BC Ltd.	-	-	0%
0812307 BC Ltd.	-	-	0%
0827524 BC Ltd.	1	-	0%
0873201 BC Ltd.	-	-	0%
0891146 BC Ltd.	2	-	0%
0895249 BC Ltd.	13	13	100%
0895251 BC Ltd.	-	-	0%
0908150 BC Ltd.	36	-	0%
2128273 Ontario Inc.	4	-	0%
2146431 Ontario Inc.	1	-	0%
2148711 Ontario Inc.	1	-	0%
2164613 Ontario Inc.	161	-	0%
2164614 Ontario Inc.	1	-	0%
2291088 Ontario Inc.	1	-	0%
473 Albert St Office GP Inc.	-	-	0%
473 Albert St Office LP	41	-	0%
7667906 Canada Inc.	1	-	0%
8252220 Canada Inc.	8	3	38%
Arbutus Industrial Park Inc.	39	-	0%
Colwood Belmont Developments Ltd.	2	-	0%
Colwood City Centre Corp	1	-	0%
Colwood City Centre GP Inc.	1	-	0%
Colwood City Centre LP	3,080	-	0%
Colwood Jerome Developments Ltd.	-	-	0%
Colwood Sooke Developments Ltd.	-	-	0%
Colwood's Triumph GP Ltd.	-	-	0%
Cowichan District Financial Centre GP Inc.	280	280	100%
Cowichan District Financial Centre LP	83	83	100%
Cygnet Apartments GP Inc.	-	-	0%
Cygnet Properties GP Inc.	4	-	0%
Duncan City Centre GP Inc.	-	-	0%
Duncan City Centre LP	168	-	0%
Durham Portfolio GP Inc.	-	-	0%
Fort St. John Retail GP Inc.	30	-	0%
Fort St. John Retail LP	10	-	0%

Projected recoveries for general claims total $2 million and vary by legal entity
(continued)

Debtor legal entity $ in thousands	Claim amount	Current estimated recovery	Current estimated recovery rate
Gatineau Centre Development GP Inc.	1	1	100%
Gatineau Centre Development LP	163	163	100%
Gatineau Centre Real Estate Development Corporation	1	-	0%
IGW Cash Management Fund Ltd.	-	-	0%
IGW Div Redevelopment Fund GP Inc.	12	1	8%
IGW Div Redevelopment Fund LP	332	16	5%
IGW Industrial GP Inc.	5	2	40%
IGW Industrial LP	62	21	34%
IGW Mortgage Investment Corporation	16	1	6%
IGW Properties GP I Inc.	-	-	0%
IGW Properties LP 1	7	7	100%
IGW Public GP Inc.	-	-	0%
IGW Public LP	171	171	100%
IGW REIT	1,465	241	22%
IGW REIT GP Inc.	50	1	2%
IGW REIT LP	1,957	525	22%
IGW Residential Capital GP Inc.	-	-	0%
IGW Residential Capital LP	39	-	0%
LAPP Global Asset Management Corp	151	151	100%
League Acquisition Corp	-	-	0%
League Assets Corp	11,153	-	0%
League Assets GP Inc.	17	-	0%
League Assets International Inc.	-	-	0%
League Assets LP	426	40	9%
League Capital Markets Ltd.	26	19	73%
League Capital Partners Ltd.	7	1	14%
League Debt Corp	-	-	0%
League Financial Partners Inc.	557	7	1%
League Founding Limited Partner Ltd.	-	-	0%
League Holdings Corp	1,372	-	0%
League Investment Fund Ltd.	3	-	0%
League Investment Services Inc.	548	5	1%
League Opportunity Fund Ltd.	72	-	0%
League Realty Advisory Ltd.	1	-	0%
League REIT Investco Inc.	-	-	0%
Londondale Shopping Centre GP Inc.	4	4	100%
Londondale Shopping Centre LP	13	13	100%

Projected recoveries for general claims total $2 million and vary by legal entity
(continued)

Debtor legal entity $ in thousands	Claim amount	Current estimated recovery	Current estimated recovery rate
Market Square Properties GP Inc.	36	22	61%
Market Square Properties LP	2	1	50%
Member Partners' CP GP Inc.	60	60	100%
Member Partners' CP LP	1	1	100%
North Vernon Properties Inc.	29	-	0%
North Vernon Properties LP	41	-	0%
Partners Equity Finance Inc.	2	2	100%
Redux Duncan City Centre LP	55	-	0%
Residences at Quadra Village GP Inc.	-	-	0%
Residences at Quadra Village LP	30	18	60%
Stoney Range Industrial GP Inc.	28	28	100%
Stoney Range Industrial LP	53	53	100%
Sundel Square Ltd.	1	-	0%
Tsawwassen Retail Power Centre GP Inc.	1	1	100%
Tsawwassen Retail Power Centre LP	55	55	100%
Tyee Plaza GP Inc.	12	1	8%
Tyee Plaza LP	71	3	4%
Village Green Holdings #2 Ltd.	4	-	0%
Village Green Holdings #3 Ltd.	4	-	0%
Village Green Holdings LP	49	-	0%
Zeus Energy Ltd.	1	-	0%
Total	**23,135**	**2,013**	**9%**

Appendix 7

Projected recoveries for Investors

Projected recoveries for Investors

90% or $331 million of the $369 million invested is projected to have been lost.

Projected returns to Investors depends on the nature of investment and the Investment Entity which received the investment.

- Approximately $369 million of investor capital was outstanding at the Filing Date. This capital was invested in the following three broad categories of investments:
  - Secured Investor notes;
  - Unsecured Investor notes; and
  - Equity in the form of common units or income priority units in the IGW REIT or limited partnership units in other Investment Entities.
- The table below summarizes the recoveries by investment type.

Investment $ in thousands	Total invested	Current estimated recovery from investment	Current estimated recovery from guarantee	Total current estimated recovery	Current estimated recovery rate
A) Secured investor notes	30,411	16,641	2,573	19,214	63%
B) Unsecured investor notes	43,538	2,989	723	3,712	9%
C) Equity investments	15,582	13,146	872	14,018	90%
D) Other equity investments	278,911	-	-	-	0%
Total (A+B+C+D)	**368,442**	**32,776**	**4,168**	**36,944**	**10%**

- Recoveries for specific investments are detailed on the following page.
- Other equity investments refers to all equity investments not specifically listed on the following page. These other equity investments are projected to receive **no** recovery.

Projected recoveries for Investors
(continued)

Investment $ in thousands	Total invested	Current estimated recovery from investment	Current estimated recovery from guarantee	Total current estimated recovery	Current estimated recovery rate
A) Secured investor notes					
Colwood City Centre LP - Class B term notes	11,960	9,995	-	9,995	84%
Colwood City Centre LP - Class M term notes	3,500	3,500	-	3,500	100%
Colwood City Centre LP - July 2013 term notes	80	-	-	-	0%
Gatineau Centre Development LP - secured notes	968	968	-	968	100%
League Opportunity Fund limited notes	13,470	1,745	2,573	4,318	32%
Stoney Range Industrial secured notes	433	433	-	433	100%
	30,411	**16,641**	**2,573**	**19,214**	**63%**
B) Unsecured investor notes					
Gatineau Centre Development Convertible Notes	601	651	-	651	108%
IGW REIT .985 Feb 2012 Notes	1,171	262	-	262	22%
IGW REIT Term Note July 2012	8,740	1,954	370	2,324	27%
LALP Class II Part B LP Notes	2,070	114	-	114	6%
LALP Class II Part A LP Notes	100	8	-	8	8%
League Investment Fund Limited Notes	1,579	-	353	353	22%
Colwood City Centre Class I Term Notes	1,844	-	-	-	0%
Colwood City Centre Class II Term Notes	13,767	-	-	-	0%
Colwood City Centre Tern Note	2,721	-	-	-	0%
Duncan Debenture Renewal 2011	4,945	-	-	-	0%
Duncan Term Note 2011	6,000	-	-	-	0%
	43,538	**2,989**	**723**	**3,712**	**9%**
Investor notes (A+B)	**73,949**	**19,630**	**3,296**	**22,926**	**31%**
C) Equity investments					
Gatineau Centre Development LP - Class A	4,892	9,336	-	9,336	191%
Londondale Shopping Centre LP	1,368	395	-	395	29%
Tsawassen Retail Power Centre LP - Class P	60	4	-	4	7%
Stoney Range Industrial LP - Class P	2,298	1,982	-	1,982	86%
IGW Energy Capital LP	-	13	-	13	0%
Cowichan District Financial Centre LP Units	2,094	443	-	443	21%
IGW Public LP - Class A	4,870	973	872	1,845	38%
	15,582	**13,146**	**872**	**14,018**	**90%**
D) Other equity investments	**278,911**	**-**	**-**	**-**	0%
Equity (C+D)	**294,493**	**13,146**	**872**	**14,018**	**5%**
Total (A+B+C+D)	**368,442**	**32,776**	**4,168**	**36,944**	10%

Appendix 8

Waterfall Analysis by Investment Entity

IGW REIT

IGW REIT includes the following entities:

- *Market Square Properties LP*
- *IGW Properties LP 1*
- *473 Albert St Office LP*
- *IGW REIT GP Inc.*
- *IGW Industrial LP*
- *LAPP Global Asset Management Corp.*
- *IGW Public LP*
- *Member Partners Consolidated Properties LP*
- *Londondale Shopping Centre LP*
- *League Debt Corp.*
- *Tyee Plaza LP*
- *IGW REIT LP*

$ in thousands	Claim value	Current estimated recovery	Current estimated recovery rate
Assets			
Property proceeds	-	74,030	
Investments	-	30,079	
Intergroup receivables	-	5,264	
Total asset recoveries	**-**	**109,373**	
Wind-up costs			
Sales costs / closing adjustments	-	(3,329)	
Corporate overhead	-	(10,966)	
Total wind-up costs	**-**	**(14,295)**	
Secured debts			
Mortgages	(86,296)	(84,239)	98%
Secured investor notes	-	-	
Other secured claims	(1,202)	(675)	56%
Intergroup loans	-	-	
Distributions to secured creditors		**(84,914)**	
Funds available for distribution		**10,164**	
Unsecured general creditor claims	(4,662)	(1,225)	26%
Unsecured investor notes	(9,910)	(2,217)	22%
Unsecured gurantees	(24,121)	(4,689)	19%
Intergroup payables	(31,156)	(1,057)	3%
Total distribution to unsecured creditors		**(9,188)**	
Equity invested and current estimated recovery	**233,655**	**976**	**0.4%**

Notes:

1. The figures above combine the results of the Waterfall Analysis done for each of the individual limited partnerships owned by IGW REIT.
2. Recoveries for equity investments in IGW Public LP and Londondale Shopping Centre LP total $976,000.
3. Equity investments in IGW REIT will receive no recovery.

Redux Duncan City Centre LP

This analysis includes the following entities:

- *Redux Duncan City Centre LP*
- *Duncan city Centre GP Inc.*
- *Duncan City Centre LP*
- *0811883 BC Ltd.*
- *0827524 BC Ltd.*
- *Village Green Holdings #2 Ltd.*
- *Village Green Holdings #3 Ltd.*
- *Village Green Holdings LP*

$ in thousands	Claim value	Current estimated recovery	Current estimated recovery rate
Assets			
Property proceeds	-	33,900	
Investments	-	265	
Intergroup receivables	-	-	
Total asset recoveries		**34,165**	
Corporate costs			
Sales costs / closing adjustments	-	(2,354)	
Corporate overhead	-	(329)	
Total corporate costs	**-**	**(2,683)**	
Secured debts			
Mortgages	(28,546)	(31,482)	110%
Secured investor notes	-	-	
Other secured claims	(561)	-	0%
Intergroup loans	-	-	
Distributions to secured creditors		**(31,482)**	
Funds available for distribution		-	
General creditor claims	(1,201)	-	0%
Unsecured investor notes	(10,445)	-	0%
Unsecured other creditors	(921)	-	0%
Intergroup payables	(1,385)	-	0%
Total distribution to unsecured creditors		**-**	
Equity invested and current estimated recovery	**15,179**	**-**	**0%**

Notes:

1. The key properties within this investment entity are the Duncan Mall, Duncan Plaza and Duncan Village. These properties are retail properties in Duncan, BC which reside on land leased from the Cowichan Tribe pursuant to a 49 year lease.
2. These properties were listed for sale in early 2014. As market interest has been very poor and significant interest has accrued (giving rise to a large increase in the loan balances), it has been determined that no equity is available to other stakeholders and these properties will be released to the mortgage lenders.

Tsawwassen Retail Power Centre LP

This analysis includes the following entities:

- *Tsawwasssen Retail Power Centre LP*
- *Tsawwassen Retail Power Centre GP Inc.*

$ in thousands	Claim value	Current estimated recovery	Current estimated recovery rate
Assets			
Property proceeds	-	759	
Investments	-	-	
Intergroup receivables	-	60	
Total asset recoveries	**-**	**819**	
Corporate costs			
Sales costs / closing adjustments	-	-	
Corporate overhead	-	(276)	
Total corporate costs	**-**	**(276)**	
Secured debts			
Mortgages	-	-	
Secured investor notes	-	-	
Other secured claims	-	-	
Intergroup loans	-	-	
Distributions to secured creditors		**-**	
Funds available for distribution		**543**	
General creditor claims	(56)	(56)	100%
Unsecured investor notes	-	-	
Intergroup payables	(92)	(92)	100%
Total distributions to unsecured creditors		**(148)**	
Equity invested and current estimated recovery	**1,368**	**395**	**29%**

Notes:

1. This Investment Entity had entered into a joint venture to develop a retail centre on lands to be leased from the Tsawwassen Indian Band, located in Tsawwassen, BC.
2. Certain development costs had been funded by the unitholders but this project was still in the development phase. League negotiated an exit from the joint venture which resulted in a return of the monies it funded.

Cowichan District Financial Centre LP

This analysis includes the following entities:

- *Cowichan District Financial Centre LP*
- *Cowichan District Financial Centre*
- *0891146 BC Ltd.*

$ in thousands	Claim value	Current estimated recovery	Current estimated recovery rate
Assets			
Property proceeds	-	7,201	
Investments	-	61	
Intergroup receivables	-	-	
Total asset recoveries		**7,262**	
Corporate costs			
Sales costs / closing adjustments	-	(150)	
Corporate overhead	-	(617)	
Total corporate costs	-	**(767)**	
Secured debts			
Mortgages	(4,260)	(4,260)	100%
Secured investor notes	-	-	
Other secured claims	(936)	(936)	100%
Intergroup loans	-	-	
Distributions to secured creditors		**(5,196)**	
Funds available for distribution		**1,299**	
General creditor claims	(362)	(362)	100%
Unsecured investor notes	-	-	
Intergroup payables	(494)	(494)	100%
Total distributions to unsecured creditors		**(856)**	
Equity invested and current estimated recovery	**2,094**	**443**	**21%**

Notes:

1. This commercial/office property located in Duncan, BC was acquired to re-develop and lease up to enhance its value. Certain redevelopment costs were incurred but the building had significant vacancy at the Filing Date.
2. This property was sold in December 2013 and the recovery values reflect the actual proceeds from sale and the actual amounts repaid to Coast Community Credit Union and Maxium Financial to discharge their security.

North Vernon Properties LP

This analysis includes the following entities:

- *North Vernon Properties LP*
- *North Vernon Properties GP Inc.*

$ in thousands	Claim value	Current estimated recovery	Current estimated recovery rate
Assets			
Property proceeds	-	12,200	
Investments	-	188	
Intergroup receivables	-	-	
Total asset recoveries		**12,388**	
Corporate costs			
Sales costs / closing adjustments	-	(399)	
Corporate overhead	-	(43)	
Total corporate costs	-	**(442)**	
Secured debts			
Mortgages	(10,493)	(10,493)	100%
Secured investor notes	-	-	
Other secured claims	-	-	
Intergroup loans	(4,089)	(1,453)	0%
Distributions to secured creditors		**(11,946)**	
Funds available for distribution		**-**	
General creditor claims	(69)	-	0%
Unsecured investor notes	(69)	-	0%
Intergroup payables	-	-	
Total distributions to unsecured creditors		**-**	
Equity invested and current estimated recovery	**3,178**	**-**	**0%**

Notes:

1. This retail/commercial property located in Vernon, BC called Anderson Crossing completed development in 2011.
2. This property was sold in May 2014 and the recovery values reflect the actual proceeds from sale and the actual amounts repaid to Interior Savings Credit Union and All Canadian Mortgage Corporation to discharge their security. IGW REIT will also benefit from the proceeds as it provided a secured loan to this entity.

Fort St. John Retail LP

This analysis includes the following entities:

- *Fort St. John Retail LP*
- *Fort St. John Retail GP Inc.*

$ in thousands	Claim value	Current estimated recovery	Current estimated recovery rate
Assets			
Property proceeds	-	-	
Investments	-	3,000	
Intergroup receivables	-	-	
Total asset recoveries		**3,000**	
Corporate costs			
Sales costs / closing adjustments	-	-	
Corporate overhead	-	(18)	
Total corporate costs	**-**	**(18)**	
Secured debts			
Mortgages	(661)	(660)	100%
Secured investor notes	-	-	
Other secured claims	-	-	
Intergroup loans	(6,032)	(2,322)	38%
Distributions to secured creditors		**(2,982)**	
Funds available for distribution		-	
General creditor claims	(40)	-	0%
Unsecured investor notes	-	-	
Intergroup payables	(73)	-	0%
Total distributions to unsecured creditors		**-**	
Equity invested and current estimated recovery	**3,002**	**-**	**0%**

Notes:

1. This entity invested in a development project in Fort St. John, BC by funding a development partner certain development costs. The entity holds a 1st and 3rd mortgage over the lands that were appraised at $12 million by Colliers in August 2013. The development project has stalled.
2. League has sought recovery through legal action to date and has been successful; however, appeals have been filed. The current estimated recovery is based on the value of the 1st mortgage and will partially satisfy a mortgage held by Albert Waters and partially to satisfy a mortgage of the mortgage held by IGW REIT.

IGW Energy Capital LP

This analysis includes the following entities:

- *IGW Energy Capital LP*
- *IGW Energy Capital GP Inc.*

$ in thousands	Claim value	Current estimated recovery	Current estimated recovery rate
Assets			
Property proceeds	-	-	
Investments	-	-	
Intergroup receivables	-	19	
Total asset recoveries		**19**	
Corporate costs			
Sales costs / closing adjustments	-	-	
Corporate overhead	-	(6)	
Total corporate costs	**-**	**(6)**	
Secured debts			
Mortgages	-	-	
Secured investor notes	-	-	
Other secured claims	-	-	
Intergroup loans	-	-	
Distributions to secured creditors	**-**	**-**	
Funds available for distribution		**13**	
General creditor claims	-	-	
Unsecured investor notes	-	-	
Intergroup payables	-	-	
Total distributions to unsecured creditors	**-**	**-**	
Equity invested and current estimated recovery	**-**	**13**	

Notes:

1. This entity invested in energy meters installed for the developer to the athlete's village built for the 2010 Olympic games in Vancouver, BC. Its investment was purchased by the secured lender to the athlete's village after the games and this entity is now inactive.
2. The only recoveries relate to distributions it will receive on its Intergroup receivables from LAC and IGW REIT.

Residences at Quadra Village LP

This analysis includes the following entities:

- *Residences at Quadra Village LP*
- *Residences at Quadra Village GP Inc.*
- *0895251 BC Ltd.*

$ in thousands	Claim value	Current estimated recovery	Current estimated recovery rate
Assets			
Property proceeds	-	11,000	
Investments	-	195	
Intergroup receivables	-	-	
Total asset recoveries		**11,195**	
Corporate costs			
Sales costs / closing adjustments	-	(391)	
Corporate overhead	-	(317)	
Total corporate costs	**-**	**(708)**	
Secured debts			
Mortgages	(10,029)	(10,029)	100%
Secured investor notes	-	-	
Other secured claims	-	-	
Distributions to secured creditors		**(10,087)**	
Funds available for distribution		**400**	
General creditor claims	(33)	(18)	54%
Unsecured investor notes	-	-	
Intergroup payables	(706)	(382)	54%
Total distributions to unsecured creditors		**(400)**	
Equity invested and current estimated recovery	**4,097**	**-**	**0%**

Notes:

1. This residential property was acquired with the view of redeveloping it to enhance rental revenues. Redevelopment work completed in late 2013.
2. This property is the subject of an asset sale agreement and is scheduled to complete in June 2014. Recovery values reflect the values contained in the asset sale agreement.

Stoney Range Industrial LP

This analysis includes the following entities:

- *Stoney Range Industrial LP*
- *Stoney Range Industrial GP Inc.*

$ in thousands	Claim value	Current estimated recovery	Current estimated recovery rate
Assets			
Property proceeds	-	10,575	
Investments	-	135	
Intergroup receivables	-	-	
Total asset recoveries		**10,710**	
Corporate costs			
Sales costs / closing adjustments	-	(415)	
Corporate overhead	-	(1,032)	
Total corporate costs	**-**	**(1,447)**	
Secured debts			
Mortgages	(6,606)	(6,606)	100%
Secured investor notes	(433)	(433)	100%
Other secured claims	-	-	
Intergroup loans	-	-	
Distributions to secured creditors		**(7,039)**	
Funds available for distribution		**2,224**	
General creditor claims	(81)	(81)	100%
Unsecured investor notes	-	-	
Intergroup payables	(161)	(161)	100%
Total distributions to unsecured creditors		**(242)**	
Equity invested and current estimated recovery	**4,323**	**1,982**	**46%**

Notes:

1. This entity acquired an industrial property in the Northeast quadrant of Calgary, AB.
2. This property is not being sold as League plans to negotiate its replacement as general partner and manager so that the separate Investors may continue to hold the property through this limited partnership. The note holders and unit holders will therefore receive their recovery “in kind” as they will retain their note holdings and unit holdings.

Gatineau Centre Development LP

This analysis includes the following entities:

- *Gatineau Centre Development LP*
- *Gatineau Centre Development GP Inc.*

$ in thousands	Claim value	Current estimated recovery	Current estimated recovery rate
Assets			
Property proceeds	-	21,000	
Investments	-	-	
Intergroup receivables	-	-	
Total asset recoveries		**21,000**	
Corporate costs			
Sales costs / closing adjustments	-	(500)	
Corporate overhead	-	(2,520)	
Total corporate costs	**-**	**(3,020)**	
Secured debts			
Mortgages	(4,017)	(5,574)	139%
Secured investor notes	(968)	(968)	100%
Other secured claims	-	-	
Intergroup loans	-	-	
Distributions to secured creditors		**(6,542)**	
Funds available for distribution		**11,438**	
General creditor claims	(164)	(164)	100%
Unsecured investor notes	(651)	(651)	100%
Intergroup payables	(649)	(649)	100%
Total distributions to unsecured creditors		**(1,464)**	
Equity invested and current estimated recovery	**5,622**	**9,974**	**177%**

Notes:

1. This entity purchased the Tecumseh Golf Course located in Gatineau, QC as a development project. The lands have significant value if they are re-zoned for residential development.
2. The current estimated recovery value is based on an estimated value provided by Colliers once re-zoned adjusted for the anticipated costs to obtain re-zoning approval. League plans to negotiate its replacement as general partner and manager of this entity so Investors will receive their recovery in kind by retaining their investment.

IGW Diversified Redevelopment Fund LP

This analysis includes the following entities:

- *IGW Diversified Redevelopment Fund LP*
- *IGW Diversified Redevelopment Fund GP Inc.*
- *0908150 BC Ltd.*
- *2291088 Ontario Inc.*

$ in thousands	Claim value	Current estimated recovery	Current estimated recovery rate
Assets			
Property proceeds	-	2,813	
Investments	-	-	
Intergroup Receivables	-	275	
Total asset recoveries		**3,088**	
Corporate costs			
Sales costs / closing adjustments	-	(226)	
Corporate overhead	-	(69)	
Total corporate costs	**-**	**(295)**	
Secured debts			
Mortgages	(2,598)	(2,587)	100%
Secured investor notes	-	-	
Other secured claims	-	-	
Intergroup loans	(63)	(63)	100%
Distributions to secured creditors		**(2,650)**	
Funds available for distribution		**143**	
General creditor claims	(382)	(16)	4%
Unsecured investor notes	-	-	
Intergroup payables	(2,579)	(127)	5%
Total distributions to unsecured creditors		**(143)**	
Equity invested and current estimated recovery	**1,766**	**-**	**0%**

Notes:

1. This entity invested in an old industrial property located on Arrow Road in Toronto, ON. As the property had no equity, its mortgage lender Firm Capital sold the property through foreclosure proceedings. The analysis includes the actual proceeds and the repayment of the Firm Capital mortgage.
2. This entity also placed a deposit to acquire the Plaza Hotel in Victoria, BC which was expected to be a good development project. Costs were incurred for development plans but League did not complete the purchase of the property as it discovered gas lines which would restrict the intended development. League is currently attempting to negotiate a recovery of its deposit from the vendor of the hotel who claims the deposit for breach of the purchase agreement.

Jesken Investment LP

This analysis includes the following entities:

- *Jesken Investment LP*
- *Jesken Investment GP Inc.*
- *Jesken Development LP*
- *Jesken Development GP Inc.*

$ in thousands	Claim value	Current estimated recovery	Current estimated recovery rate
Assets			
Property proceeds	-	651	
Investments	-	39	
Intergroup receivables	-	-	
Total asset recoveries		**690**	
Corporate costs			
Sales costs / closing adjustments	-	(55)	
Corporate overhead	-	(7)	
Total corporate costs	**-**	**(62)**	
Secured debts			
Mortgages	(2,052)	(628)	31%
Secured investor notes	-	-	
Other secured claims	-	-	
Intergroup loans	-	-	
Distributions to secured creditors		**(628)**	
Funds available for distribution		**-**	
General creditor claims	-	-	
Unsecured investor notes	-	-	
Intergroup payables	(233)	-	0%
Total distributions to unsecured creditors		**-**	
Equity invested and current estimated recovery	**1**	**-**	**0%**

Notes:

1. This entity invested in a development property located in Saanichton, BC located on land leased from a local First Nation.
2. Development costs were incurred and funded through a mortgage from Addenda Capital. A development partner has an option to purchase League's interest in the project. League is negotiating its exit from this project so that its development can continue and the interests of Addenda Capital and other equity unit holders may benefit from its development.

Colwood City Centre LP

This analysis includes the following entities:

- *Colwood City Centre LP*
- *Colwood City Centre GP Inc.*
- *Colwood City Centre Corp.*
- *0781591 BC Ltd.*
- *Colwood Belmont Developments Ltd.*
- *Colwood Jerome Developments Ltd.*
- *Colwood Sooke Developments Ltd.*
- *Colwood's Triumph LP*
- *Colwood's Triumph GP Inc.*

$ in thousands	Claim value	Current estimated recovery	Current estimated recovery rate
Assets			
Property proceeds	-	29,195	
Investments	-	-	
Intergroup receivables	-	-	
Total asset recoveries		**29,195**	
Corporate costs			
Sales costs / closing adjustments	-	(2,521)	
Corporate overhead	-	-	
Total corporate costs	**-**	**(2,521)**	
Secured debts			
Mortgages	(10,864)	(13,179)	121%
Secured investor notes	(15,540)	(13,495)	87%
Other secured claims	(1,915)	-	0%
Intergroup loans	-	-	
Distributions to secured creditors		**(26,674)**	
Funds available for distribution		**-**	
Unsecured investor notes	(18,332)	-	0%
Intergroup payables	(100,201)	-	0%
Total distributions to unsecured creditors		**-**	
Equity invested and current estimated recovery	**16,501**	**-**	**0%**

Notes:

1. This entity invested in a multi-phase development which would have created a high density city centre in Colwood, BC. It consists of 1 parcel of land which has a small retail centre, another parcel that has a partially complete underground garage for the 1st phase of development and 2 parcels of vacant land.
2. The recovery value is based on an estimate provided by Colliers but there is significant uncertainty to this estimate. The secured Investor noteholders currently have conduct of sale.

IGW Residential Capital LP

This analysis includes the following entities:

- *IGW Residential Capital LP*
- *IGW Residential Capital GP Inc.*
- *Sundel Square Ltd.*
- *2128273 Ontario Inc.*
- *2146431 Ontario Inc.*

$ in thousands	Claim value	Current estimated recovery	Current estimated recovery rate
Assets			
Property proceeds	-	15,992	
Investments	-	18	
Intergroup receivables	-		
Total asset recoveries		**16,010**	
Corporate costs			
Sales costs / closing adjustments	-	(566)	
Corporate overhead	-	(192)	
Total corporate costs	**-**	**(758)**	
Secured debts			
Mortgages	(15,395)	(14,434)	94%
Secured investor notes	-	-	
Other secured claims	-	-	
Intergroup loans	(14,471)	(818)	0%
Distributions to secured creditors		**(15,252)**	
Funds available for distribution		**-**	
General creditor claims	(45)	-	0%
Unsecured investor notes	-	-	
Intergroup payables	(19,419)	-	0%
Total distributions to unsecured creditors		**-**	
Equity invested and current estimated recovery	**2,569**	**-**	**0%**

Notes:

1. This entity was created to hold 4 properties owned by IGW REIT. At the Filing Date, 2 remained: a commercial/retail strip mall in Langley, BC called Sundel Square and a residential apartment building in Hamilton, ON called Rosewood.
2. Both properties have been sold during the CCAA process and the recoveries reflect actual sales prices. Insufficient proceeds were raised to satisfy all secured loans, although these lenders had security over other properties which was sufficient to repay them in fall.

League Assets LP

This analysis includes the following entities:

- *League Assets LP*
- *League Assets GP Inc.*
- *League Holdings Corp.*
- *League Assets Corp.*
- *League Investment Services Inc.*
- *League Financial Partners Inc.*
- *League Capital Markets Ltd.*
- *League Investment Fund*
- *League Opportunity Fund*
- *0895249 BC Ltd.*
- *League Acquisition Corp.*
- *IGW Mortgage Investment Corp.*
- *League Founding Partner Ltd*
- *League Capital Partners Ltd*
- *Partners Equity Finance*
- *League Realty Services Ltd.*

$ in thousands	Claim value	Current estimated recovery	Current estimated recovery rate
Assets			
Property proceeds	-	5,900	
Investments	-	4,763	
Intergroup receivables	-	2,259	
Total asset recoveries		**12,922**	
Corporate costs			
Sales costs / closing adjustments	-	(347)	
Corpoate overhead	-	(874)	
Total corporate costs	**-**	**(1,221)**	
Secured debts			
Mortgages	(13,701)	(9,201)	67%
Secured investor notes	(13,420)	(1,745)	13%
Other secured claims	(187)	(58)	31%
Distributions to secured creditors		**(11,004)**	
Funds available for distribution	**-**	**697**	
General creditor claims	(20,892)	(92)	0%
Unsecured investor notes	(3,812)	(122)	3%
Unsecured guarantee	(21,843)	(467)	2%
Intergroup payables	(17,389)	(16)	0%
Total distributions to unsecured creditors		**(697)**	
Equity invested and current estimated recovery	**3,471**	**-**	**0%**

Notes:

1. This entity represent the corporate entities controlled by Gant & Arruda. Key entities include LAC, the manager for the Investment Entities, League Holdings Corp., the owner of the Redbrick head office building, League Capital Markets Ltd., the owner of Monarch. LALP also owned an interest in Harris Fraser which has been sold during the CCAA process.
2. The Redbrick building is currently being sold by Roynat Capital pursuant to foreclosure proceedings. No recovery in excess of the Roynat mortgage is expected. League intends to sell its interest in Monarch but a formal sales process has not been undertaken.

Glossary

Glossary

Our report includes a number of terms and short descriptions, which we define alongside

Term	Definition
APA	Asset Purchase Agreement
Arruda	Emanuel ("Manny") Arruda – one of the Founders
BCSC	British Columbia Securities Commission
Blue Book	Refers to a publication titled "The Blue Book of Real Estate Syndication" written by Emanuel F. Arruda and presented by League that was sent to potential investors
CCAA	Companies' Creditors Arrangement Act
Claims Process	The process of determining the number and the quantum of creditor and investor claims in League as defined by an order of the British Columbia Supreme Court dated January 23, 2014
Colliers	Colliers International, a large international commercial real estate brokerage firm
Colwood	The development project owned by Colwood City Centre Limited Partnership and its related entities
Corporate Entities	Entities that Gant and Arruda have controlling interest. Generally, these entities provided asset management services to the Investment Entities and wealth management services to Investors
Cushman & Wakefield	A full service commercial real estate firm with global operations
D&O	Directors and Officers
Development Entities	Limited partnerships formed to hold property purchased for redevelopment. Generally, this type of property has no operations or income
ETV	Estimated Transaction Value. Reflects the estimated sales value of assets before all selling costs, secured mortgages and other priority charges
Filing Date	October 18, 2013, the date of the initial CCAA filing
Founders	Adam Gant and Emanuel Arruda, collectively
Gant	Adam Gant – one of the Founders

Glossary
(continued)

Term	Definition
GCMC	Green Tree Capital Management Corp.
Green Tree	GTM Capital Inc., Green Tree Capital Management Corp., and Green Tree Acquisition Corp., collectively
Harris Fraser	Harris Fraser Group Limited – a wealth management firm based in Toronto, ON that principally assists clients in Asia with their asset management
IGW REIT	IGW REIT Limited Partnership
Income property	Refers to buildings or land intended to generate a profit, either from capital gain or rental income
Intergroup	Occurring within or between League entities
Investment Entities	Limited partnerships formed to hold investment properties on behalf of Investors
Investors	Individuals or parties holding investments in 1 or more League entity
IPU	Income Priority Units
LAC	League Assets Corporation
LALP	League Assets Limited Partnership
League	Collectively, the 170 legal entities which include and are related to LAC and its parent, LALP
League Group	Collectively, the 170 legal entities which include and are related to LAC and its parent, LALP
LEED	Leadership in Energy and Environmental Design
LOF	League Opportunity Fund Ltd.

Glossary
(continued)

Term	Definition
LOI	Letter of Intent
Monarch	Monarch Wealth Corporation. An investment advising firm based in Toronto, ON that principally assists individuals and families.
Monitor	PricewaterhouseCoopers Inc. in its capacity as the court appointed Monitor of the Yellow Box Entities
NOI	Net operating income
OM	Offering Memorandum
Original ETV	ETV as presented in the Monitor's 4th Report dated November 18, 2013
Representative Counsel	The legal firm of Fasken Martineau DuMoulin LLP who by an order of the British Columbia Supreme Court on October 25, 2013 was appointed as the legal representative of Investors in the CCAA proceedings
Updated ETV	ETV updated as at June 15, 2014 and as presented in this report
Waterfall Analysis	The analysis prepared by the Monitor to estimate the recovery to creditors of League. The analysis incorporates both actual and estimated amounts. The actual recovery to creditors will not be finalized until all amounts are determined
Wealth management business	The services provided to Investors by League Investment Services Inc., Harris Fraser and Monarch
White Box Entities	1 or more of the 65 legal entities that are not included in the CCAA proceedings. The term represents the colour of the shading of the entity or entities on the organizational chart that is included in Appendix 1
VTB	Vendor Take Back
Yellow Box Entities	1 or more of the 105 legal entities that are included in the CCAA proceedings. The term represents the colour of the shading of the entity or entities on the organizational chart that is included in Appendix 1