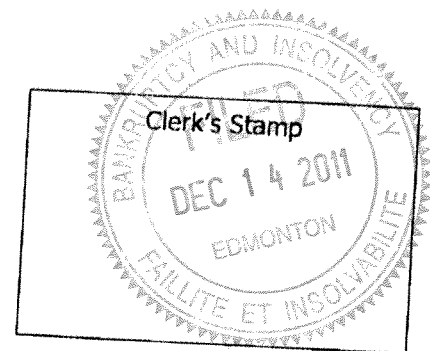


COURT FILE NO. 24-1440762  
COURT COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL CENTRE EDMONTON  
IN THE MATTER OF THE BANKRUPTCY OF  
PEERS FOSTER KRISTIANSEN INC.



- AND -

COURT FILE NO. 24-1440761  
COURT COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL CENTRE EDMONTON  
IN THE MATTER OF THE BANKRUPTCY OF  
FEDERAL MORTGAGE CORPORATION LTD.

DOCUMENT **FIFTH REPORT OF PRICEWATERHOUSECOOPERS INC., AS AGENT FOR  
ALBERTA TREASURY BRANCHES AND AS THE TRUSTEE IN BANKRUPTCY  
OF PEERS FOSTER KRISTIANSEN INC. AND FEDERAL MORTGAGE  
CORPORATION LTD. OF DECEMBER 13, 2011**

ADDRESS FOR SERVICE  
AND CONTACT  
INFORMATION OF  
PARTY FILING THIS  
DOCUMENT

McLENNAN ROSS LLP  
600 West Chambers  
12220 Stony Plain Road,  
Edmonton, AB T5N 3Y4

Lawyer: Charles P. Russell, Q.C.  
Telephone: 780-482-9115  
Fax: 780-482-9102  
Email: crussell@mross.com  
File No.: 110567

1. Peers Foster Kristiansen Inc. ("PFK") and Federal Mortgage Corporation Ltd. ("FMC") made assignments into bankruptcy on December 9, 2010. PricewaterhouseCoopers Inc. ("PwC") was appointed as Trustee in Bankruptcy of each of PFK and FMC, which appointment was confirmed at the first meetings of creditors of PFK and FMC held January 12, 2011.
2. PwC filed a Fourth Report dated September 27, 2011 in connection with the sale of a fabrication facility located in Springbank, Alberta (the "Fourth Report") pursuant to the Corridor Offer. All capitalized terms not otherwise defined herein, have the same meanings as are ascribed thereto in the Fourth Report. For ease of reference, the body of the Fourth Report, without schedules, is attached hereto and marked as Schedule 1.

3. The Corridor Offer was approved by this Honourable Court on October 19, 2011, and attached hereto and marked as Schedule 2 is a true copy of such Order and attached hereto and marked as Schedule 3 is a true copy of the Corridor Offer.
4. The Corridor Offer did not close, as Corridor lost its commitment for financing the acquisition prior to the payment of the "Second Deposit" of \$200,000 referenced in the Corridor Offer. Corridor had previously paid the "First Deposit" of \$50,000.
5. Upon learning of the loss of its financing commitment, Corridor sought to assign the Corridor Offer to Fitzroy Developments Ltd. ("Fitzroy"), and to work with Fitzroy with a view to continuing to be involved with the Lands. Fitzroy was prepared to accept an assignment of the Corridor Offer, provided that it obtained from PwC a two week period within which to conduct due diligence of the Lands.
6. In light of Corridor having failed to pay the Second Deposit under the Corridor Offer, PwC and ATB were reluctant to accede to Fitzroy's request for two weeks to conduct due diligence, unless the Second Deposit of \$200,000 was paid. Fitzroy was prepared to pay that Second Deposit to be held in trust conditional on completing its due diligence, and with the recommendation of the listing agent, PwC and ATB concurred therein and the Second Deposit was paid into trust with PwC's counsel in November, 2011.
7. Under the conditional assignment of the Corridor Offer, Fitzroy was to benefit from the payment of the First Deposit, if it closed the Corridor Offer.
8. Upon completing its due diligence, Fitzroy submitted a letter to PwC, a true copy of which is attached hereto and marked as Schedule 4, advising of the due diligence they had undertaken and further advising that they were not prepared to close the Corridor Offer unless the purchase price was reduced from the \$2,500,000 payable under the Corridor Offer to \$2,250,000 (the "Amended Corridor Offer").
9. After deliberation as between PwC, ATB and the listing agent, such parties concluded that even at the reduced purchase price, the Amended Corridor Offer should still be supported. The Inspectors in the bankruptcy estates of PFK and FMC concurred therein, as no higher offer was anticipated to be elicited in the foreseeable future than that reflected in the Amended Corridor Offer. Fitzroy will obtain the benefit of the \$50,000 First Deposit paid under the Corridor Offer when closing the Amended Corridor Offer.
10. The Amended Corridor Offer is unconditional but for Court approval. Fitzroy has advised PwC's counsel that they are prepared to close the subject transaction prior to Christmas, 2011.
11. Had the Corridor Offer closed at \$2.5 million as originally anticipated, ATB would have suffered a shortfall in payment of approximately \$12,000 after payment of realtors' commissions, agent's fees and adjustments, and ATB was prepared to accede thereto. With the reduction in purchase price under the Amended Corridor Offer, ATB will now suffer a shortfall of some \$275,000, but ATB is still in support of closing the Amended Corridor Offer. Such shortfall will be recoverable by ATB through reliance on ATB's General Security Agreement attaching all present and after acquired personal property of PFK (to the extent the assets of PFK are sufficient to pay such amount) but PwC and the Inspectors of the bankruptcy estates of PFK and FMC are still in support of closing the Amended Corridor Offer, in order to avoid having an even greater shortfall

for ATB through a subsequent sale of the lands, resulting in even more assets of PFK being exposed to ATB under ATB's General Security Agreement.

12. In connection with implementing the Amended Corridor Offer, Fitzroy has requested that title to the property vest in its affiliate, Mountain View Trail 250007 Inc. of 710, 304 - 8<sup>th</sup> Avenue, S.W., Calgary, AB T2P 1C2, with which request PwC has no issue.
13. If the Amended Corridor Offer is approved by this Honourable Court and closes, no monies will be available for payment to FMC or the Investors, which entities jointly hold interests in the second mortgage over the lands.
14. PwC makes this report in support of an Order authorizing the acceptance and implementation of the Amended Corridor Offer.

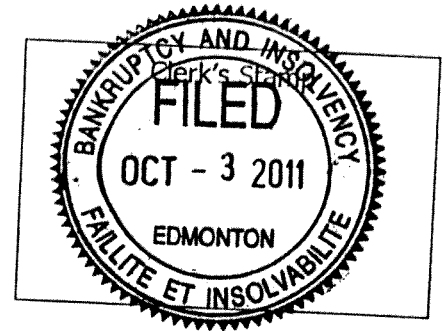
DATED at Edmonton, Alberta this 13<sup>th</sup> day of December, 2011.

PRICEWATERHOUSECOOPERS INC. as agent of Alberta  
Treasury Branches and as Trustee in Bankruptcy of  
Peers Foster Kristiansen Inc. and Federal Mortgage  
Corporation Ltd.

Per: 

## **Schedule 1**

COURT FILE NO. 24-1440762  
COURT COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL CENTRE EDMONTON  
IN THE MATTER OF THE BANKRUPTCY OF  
PEERS FOSTER KRISTIANSEN INC.



- AND -

COURT FILE NO. 24-1440761  
COURT COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL CENTRE EDMONTON  
IN THE MATTER OF THE BANKRUPTCY OF  
FEDERAL MORTGAGE CORPORATION LTD.

DOCUMENT **FOURTH REPORT OF PRICEWATERHOUSECOOPERS INC., AS AGENT FOR  
ALBERTA TREASURY BRANCHES AND AS THE TRUSTEE IN BANKRUPTCY  
OF PEERS FOSTER KRISTIANSEN INC. AND FEDERAL MORTGAGE  
CORPORATION LTD. OF SEPTEMBER 27, 2011**

ADDRESS FOR SERVICE  
AND CONTACT  
INFORMATION OF  
PARTY FILING THIS  
DOCUMENT

McLENNAN ROSS LLP  
600 West Chambers  
12220 Stony Plain Road,  
Edmonton, AB T5N 3Y4

Lawyer: Charles P. Russell, Q.C.  
Telephone: 780-482-9115  
Fax: 780-482-9100  
Email: crussell@mross.com  
File No.: 110567

1. Peers Foster Kristiansen Inc. ("PFK") and Federal Mortgage Corporation Ltd. ("FMC") made assignments into bankruptcy on December 9, 2010. PricewaterhouseCoopers Inc. ("PWC") was appointed as Trustee in Bankruptcy of each of PFK and FMC, which appointment was confirmed at the first meetings of creditors of PFK and FMC held January 12, 2011.

2. One of PFK's assets is a fabrication facility located in Springbank, Alberta on lands legally described as follows:  
  
PLAN 0310163  
BLOCK R  
LOT 11  
EXCEPTING THEREOUT ALL MINES AND MINERALS  
  
(the "Lands").
3. The Lands had been utilized, prior to the bankruptcy of PFK, by Titanwall Inc. ("Titanwall") as a construction facility for Titanwall building products. Shortly after the bankruptcy of PFK, Titanwall vacated the Lands and the Lands have been vacant since that time.
4. Titanwall is a corporation affiliated with PFK and FMC, as disclosed in the First Report of PwC filed in these proceedings February 24, 2011.
5. Attached hereto and marked as Schedule 1 is a Copy of Title to the Lands, evidencing Alberta Treasury Branches ("ATB") as the holder of the first financial encumbrance thereon (the "ATB Charge"). ATB is currently owed approximately \$2.3 million.
6. On February 24, 2011, ATB appointed PwC as its agent for the purposes of preserving, protecting and realizing upon the Lands (the "Agency Appointment"). The Agency Appointment was implemented in order to minimize the costs which would be incurred by ATB in conducting its own realization proceedings over the Lands, recognizing that PwC as Trustee in Bankruptcy of PFK and FMC was already undertaking such activities in order to preserve any value in the Lands in excess of the amounts owed to ATB.
7. Attached hereto and marked as Schedule 2 are true copies of the ATB Charge. PwC has obtained the opinion of its independent legal counsel McLennan Ross LLP, confirming the validity and enforceability of the ATB Charge.
8. ATB also holds a General Security Agreement over the assets of PFK, a true copy of which is attached hereto and marked as Schedule 3 (the "GSA"). The GSA contains a first charge over the personal property of PFK, and stands as security for any shortfall which ATB may suffer in realization upon its security over the Lands. PwC has obtained the opinion of its independent counsel as to the validity and enforceability of the GSA.
9. The second financial charge over the Lands is held by FMC (the "FMC Mortgage"). The books and records of FMC and PFK reveal that FMC has advanced and is currently owed approximately \$7,153,000 by PFK, secured by the FMC Mortgage. Attached hereto and marked as Schedule 4 is a true copy of the FMC Mortgage.
10. The FMC Mortgage has in turn itself been partially mortgaged in favour of three groups of investors who had other dealings with PFK and FMC prior to the bankruptcy of those entities. Those three parties are Karl and Priska Strickler (the "Stricklers"), Larry and Maureen Pelensky (the "Pelenskys") and Douglas and Joan Faulkner (the "Faulkners") (the Stricklers, Pelenskys and Faulkners are herein jointly called the "Investors").

11. Attached hereto and marked as Schedules 5, 6 and 7 respectively, are the Mortgages of Mortgage held by the Stricklers, the Pelenskys and the Faulkners (the Mortgages of Mortgage held by each of the Investors are herein collectively called the "Investors' Mortgages"). PwC has obtained the opinion of its independent counsel as to the validity and enforceability of the Investors' Mortgages.
12. The Investors have filed proofs of claim in the bankruptcy of FMC, claiming their interests in the Investors' Mortgages, and copies thereof are attached hereto and marked as Schedules 8, 9 and 10 respectively.
13. In addition to the foregoing encumbrances, three Builders' Lien claims are registered against the Lands, and the Proofs of Claim filed by two such lien claimants in the bankruptcy of PFK are attached hereto and collectively marked as Schedule 11. The third such lien claimant, Mont-Air Heating Ltd., has not filed a Proof of Claim according to the records of PwC. The Proof of Claim of Cynthia Construction Inc. does not assert a secured claim, and the Proof of Claim of Heninger Structural Engineering Ltd. makes reference to the subject Builder's Lien but the Proof of Claim of that entity does not assert a secured claim with respect to that Lien.
14. Prior to the bankruptcy of PFK and FMC, PFK had secured an appraisal of the lands showing a fair market value of \$5.5 million, assuming that the building on the Lands was complete. Attached hereto and marked as Schedule 12 is a true copy of such appraisal.
15. Upon its appointment as Trustee in Bankruptcy of PFK and FMC, PwC entered into a Listing Agreement of the Lands for a list price of \$4.1 million.
16. Attached hereto and marked as Schedule 13 is a true copy of a Marketing Report submitted by Colliers International to PwC on August 15, 2011.
17. Attached hereto and marked as Schedule 14 is a true copy of an Offer to Purchase and Interim Agreement submitted by Corridor Pacific Corporation ("Corridor") offering to purchase the Lands at \$2.5 million on an as-is, where-is condition (the "Corridor Offer"). The Purchaser's conditions have now been satisfied or waived, and the only condition to closing of the Corridor Offer is approval of this Honourable Court.
18. In addition to the Corridor Offer, two other offers have been submitted for the purchase of the Lands, during the course of the Listing Agreement referenced in paragraph 15 above. The first offer was for \$1.8 million, but such offer was not reduced to writing. The second offer was also submitted by Corridor Pacific Corporation, and called for a cash purchase price of \$1,504,216.00 or a purchase price of \$2,135,000.00 by way of assumption of the ATB Charge. Neither offer was acceptable to ATB.
19. It is anticipated that the net proceeds of the sale of the lands under the Corridor Offer will result in payment in full of ATB, but leave little if anything remaining for payment to subsequent encumbrancers, including FMC and the Investors. Notwithstanding this, the Inspectors of the estates of PFK and FMC have authorized PwC to pursue completion of the Corridor Offer, as:
  - (a) Colliers International is of the view that a significantly higher offer than the Corridor Offer is unlikely to be received in the foreseeable future;

- (b) acceptance of the Corridor Offer will reduce the risk that ATB will suffer a shortfall should no other offer thereafter be received in that range;
  - (c) acceptance of the Corridor Offer eliminates the first security interest held by ATB over the personal property of PFK which would result in other assets of PFK being used to satisfy any ATB shortfall;
  - (d) preservation and carrying costs for the Lands, including ATB's interest on its loan, amount to approximately \$17,500 per month, and further delay in selling the Lands will result in incurring such additional costs monthly;
  - (e) the building on the Lands is incomplete, there is doubt as to the cost that would be incurred in order to complete the building. In any event, the estates of FMC and PFK have no funds available to undertake completion of construction of the building, even if to do so would increase the realizable value of the Lands by an amount incremental to the cost of completion.
20. PwC commissioned an appraisal of the Lands from Cushman & Wakefield Ltd., a true copy of which is attached hereto and marked as Schedule 15.
21. PwC makes this Report in support of an Order authorizing the acceptance and implementation of the Corridor Offer, and directing the Registrar of Land Titles for the North Alberta Land Registration District to discharge all financial encumbrances as against the Lands, coincidental with closing thereof, with any funds received net of realtor's commissions, selling costs and the ATB debt, to be held in trust by PwC pending further order of this Court or agreement with the Investors and the lien claimants with respect to disposition thereof.

DATED at Edmonton, Alberta this 27 day of September, 2011.

PRICEWATERHOUSECOOPERS INC. as agent of Alberta  
Treasury Branches and as Trustee in Bankruptcy of  
Peers Foster Kristiansen Inc. and Federal Mortgage  
Corporation Ltd.

Per: 



## **Schedule 2**

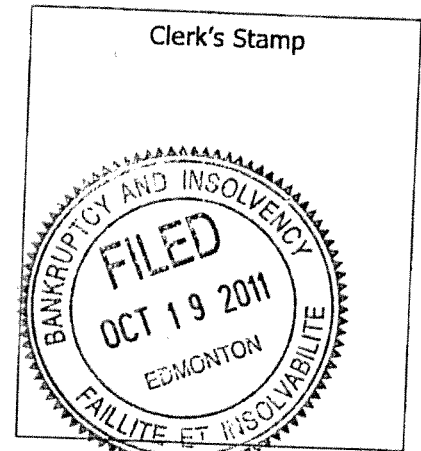
COURT FILE NO. 24-1440762

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE EDMONTON

IN THE MATTER OF THE BANKRUPTCY OF  
PEERS FOSTER KRISTIANSEN INC.

- AND -



COURT FILE NO. 24-1440761

COURT COURT OF QUEEN'S BENCH

JUDICIAL CENTRE EDMONTON

IN THE MATTER OF THE BANKRUPTCY OF  
FEDERAL MORTGAGE CORPORATION LTD.

DOCUMENT **ORDER**

ADDRESS FOR SERVICE  
AND CONTACT  
INFORMATION OF  
PARTY FILING THIS  
DOCUMENT

McLENNAN ROSS LLP  
#600 West Chambers  
12220 Stony Plain Road  
Edmonton, AB T5N 3Y4

Lawyer: Charles P. Russell, Q.C.  
Telephone: (780) 482-9115  
Fax: (780) 482-9102  
Email: crussell@mross.com  
File No.: 104016

**DATE ON WHICH ORDER WAS PRONOUNCED:** October 19, 2011

**LOCATION WHERE ORDER WAS PRONOUNCED:** Law Courts, 1A Sir Winston Churchill  
Square, Edmonton, AB T5J 0R2

**NAME OF JUSTICE WHO MADE THIS ORDER:** J.M. Ross

UPON THE APPLICATION of the PricewaterhouseCoopers Inc. ("PWC") in its capacity as agent of Alberta  
Treasury Branches ("ATB") and as Trustee in Bankruptcy of Peers Foster Kristiansen Inc. ("PFK") and

Federal Mortgage Corporation Ltd. ("FMC"); AND UPON having made reference to the Fourth Report of PWC dated September 27, 2011 with respect to sale of Lands legally described as follows:

PLAN 0310163

BLOCK R

LOT 11

EXCEPTING THEREOUT ALL MINES AND MINERALS

(the "Lands") pursuant to the "Corridor Offer" as that term is defined in the said Trustee's Report; AND UPON hearing counsel for PWC, ATB, Karl Strickler, Priska Strickler, Larry Pelensky, Maureen Pelensky, Douglas Faulkner, Joan Faulkner (collectively, the "Sub-mortgagees") and Cynthia Construction Inc., Mont-Air Heating Ltd. and Heninger Structural Engineering Ltd. (collectively, the "Lien Claimants"); AND UPON it appearing that the sale of the Lands on the terms set out in the Corridor Offer is in the best interests of the Estates of PFK and FMC, and sale of the Lands at a purchase price higher than that reflected in the Corridor Offer could not reasonably be anticipated to be received such that any of FMC, the Sub-mortgagees or the Lien Claimants will receive any significant proceeds on their encumbrances.

IT IS HEREBY ORDERED AND DECLARED THAT:

1. Service of notice of this application and supporting materials, is hereby declared to be good and sufficient, no other person is required to have been served with notice of this application, and time for service is hereby abridged to that actually given.
2. PWC's acceptance of the Corridor Offer is hereby approved and ratified.
3. PWC is authorized to conclude the transaction contemplated in the Corridor Offer (the "Transaction") on the terms set out in the Corridor Offer, and to take all such steps and execute all such documents as may be reasonable or necessary to complete the Transaction.
4. Upon closing of the Transaction, all of PFK's, FMC's, the Sub-mortgagees' and the Lien Claimants' right, title and interest in and to the Lands shall, without further instrument, transfer or assignment, vest in Corridor Pacific Corporation (the "Purchaser") free and clear of any and all claims by, through or under PFK, FMC, the Sub-mortgagees, the Lien Claimants and any other mortgage, charge, lien or encumbrance whether contractual, statutory or otherwise, and any option, agreement, right of first refusal or other right, limitation or restriction of any nature whatsoever including any right or interest of any creditor of PFK or FMC whether or not such claims have been perfected, registered or filed, and whether secured or unsecured, but subject to the following permitted encumbrances:
  - (a) Restrictive Covenant Registration Number 2205LB;
  - (b) Zoning Regulations Registration Number 761 141 577;
  - (c) Easement Registration Number 011 223 237;
  - (d) Caveat re: Deferred Reserve Registration Number 031023016;
  - (e) Caveat Registration Number 031 023 018;
  - (f) Easement Registration Number 013 023 023;
  - (g) Caveat Registration Number 031 023 024;

- (h) Utility Right of Way Registration Number 031 023 025;
  - (i) Caveat Registration Number 031 023 026;
  - (j) Caveat Registration Number 031 023 027;
  - (k) Utility Right of Way 061 173 137.
5. From and after the closing of the Transaction, any and all claims of any persons in or to any part of the Lands shall vest, in the place and stead thereof, in the sales proceeds of the Lands in the same priorities as existed immediately prior to the granting of this Order, and forthwith following closing of such sale, PWC shall make payment in full of the claim of ATB including all reasonable costs, charges and expenses incurred by PWC in connection with the Transaction and in acting as agent for ATB.
6. PWC is hereby authorized and directed to perform the covenants in the Corridor Offer substantially in accordance with its terms and conditions, subject to such amendments as PWC and the Purchaser may approve, which do not materially and adversely alter the Transaction, and shall be authorized and directed to execute all deeds and documents and take all such steps as may be necessary or advisable in the sole discretion of PWC to consummate the Transaction.
7. The Purchaser shall be entitled to present a certified copy of this Order together with written advice from McLennan Ross LLP, Counsel for PWC, that the Purchaser is entitled to register this Order, to the Registrar of the South Alberta Land Registration District (the "Registrar"); and upon being presented with the same, the Registrar is hereby authorized and directed to cancel the existing Certificate of Title to the Lands and to issue a new Certificate of Title to the Lands in the name of the Purchaser at Westhills Corporate Center, 7370 Sierra Morena Blvd. SW, Calgary, Alberta, T3H 4H9, subject to only those permitted encumbrances described in paragraph 4 above.
8. This Order shall be registered by the Registrar at the South Alberta Land Titles Office, notwithstanding the provisions of Section 191(1) of the *Land Titles Act*, RSA 2000 c. L-4.
9. The net sales proceeds of the Lands, after payment of the amounts reference in paragraph 5 above, shall be held by McLennan Ross LLP, Counsel for PWC, in trust, pending Court Order directing release thereof or agreement of PWC, the Sub-mortgagees and the Lien Claimants to distribution thereof.

"J. M. Ross"

\_\_\_\_\_  
JUSTICE OF THE COURT OF QUEEN'S BENCH OF  
ALBERTA

## **Schedule 3**

**OFFER TO PURCHASE AND INTERIM AGREEMENT**  
(hereinafter referred to as the "Offer")

FROM: Corridor Pacific Corporation  
(hereinafter referred to as the "Purchaser")

TO: Alberta Treasury Branches by its Agent, Pricewaterhouse Coopers Inc.  
AND  
Peers Foster Kristiansen Inc. by its Trustee in Bankruptcy,  
Pricewaterhouse Coopers Inc.  
(hereinafter referred to as the "Vendor")

THROUGH: CMN Calgary Inc.  
200, 10500 - 48<sup>th</sup> Street SE  
Calgary, AB T2C 1B9  
Attention: Mr. Michael Massing, Mr. Richard Schwann and Mr. Evan  
Truman  
(hereinafter referred to as the "Agent")

Subject to the terms and conditions herein set forth, the Purchaser hereby offers to purchase the property legally, municipally and otherwise described on Schedule "A" attached hereto (hereinafter referred to as the "Property").

1. **PURCHASE PRICE**

The purchase price (hereinafter referred to as the "Purchase Price") shall be the sum of TWO MILLION FIVE HUNDRED THOUSAND DOLLARS (\$2,500,000.00) in lawful money of Canada to be paid in the following manner:

\$50,000.00

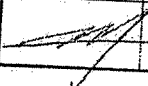

FIFTY THOUSAND DOLLARS deposit (hereinafter referred to as the "First Deposit") payable to CMN Calgary Inc., in trust, within FIVE (5) BUSINESS BANKING DAYS of conditional acceptance hereof, to be deposited in an interest bearing trust account with interest to accrue to the benefit of the Purchaser.

\$200,000.00

TWO HUNDRED THOUSAND DOLLARS further deposit (hereinafter referred to as the "Second Deposit") payable to CMN Calgary Inc., in trust, within FIVE (5) BUSINESS BANKING DAYS after satisfaction of the conditions specified in Paragraph 2 herein, to be deposited in an interest bearing trust account with interest to accrue to the benefit of the Purchaser.

\$2,250,000.00

TWO MILLION TWO HUNDRED FIFTY THOUSAND DOLLARS (more or less) subject to adjustments shall be paid by cash or certified cheque to the Vendor on the date of closing.

Purchaser	Vendor
	

2. CONDITIONS PRECEDENTS

The obligations of the Purchaser and Vendor to complete this transaction shall be subject to the following conditions being satisfied, which if not met within the indicated time period will render this Offer null and void and entitle the Purchaser to the return of any and all deposit monies and accrued interest.

- a) The Vendor shall have Twenty One (21) DAYS, from the removal of all Purchaser's conditions, to obtain approval from The Court of Queen's Bench of Alberta. The Vendor shall notify the Purchaser in writing within this Thirty (30) DAY period if it obtains approval from The Court of Queen's Bench of Alberta.
- b) The Purchaser shall have Thirty (30) DAYS, from the mutual acceptance of this Offer to arrange financing for this purchase. The terms, interest rate and manner of financing will be at the Purchaser's sole and absolute discretion. The Purchaser shall notify the Vendor in writing within this Thirty (30) DAY period if satisfactory financing has been arranged.
- c) Pursuant to the current condition of the Property as outlined in clause 6 herein, the Purchaser will satisfy itself on the ability to become the developer of record for the Property and align the necessary trades, engage with the County of Rockyview, confirm with architect of record and commission the requisite work required for the C1 & C2 compliance and final inspections within Thirty (30) DAYS from mutual acceptance of this Offer. The Purchaser shall notify the Vendor in writing within this Thirty (30) DAY period if satisfactory arrangements have been made in this regard, at its sole discretion and expense.

The Vendor agrees to use reasonable commercial efforts to assist the Purchaser with obtaining the necessary approvals and to satisfy condition 2 c) above.

3. CLOSING DATE

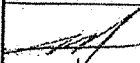

The date of closing of this transaction shall be 1:00 p.m. on the 30th day following removal of all conditions precedents contained in Clause 3 herein or as otherwise agreed upon in writing by both the Vendor and Purchaser (hereinafter referred to as the "Date of Closing"). Possession of the Property shall be given to the Purchaser on the Date of Closing.

4. IRREVOCABLE DATE

This Offer shall be open for acceptance by the Vendor and irrevocable by the Purchaser until 5:00 p.m. on the 31st day of August, 2011.

5. INCLUSIONS IN PURCHASE PRICE

The Purchase Price includes all improvements, installations, fixtures, chattels, privileges, signs and appurtenances belonging to the Property and owned by the Vendor and used in the operation thereof. A list of chattels, if any, shall be provided to the Purchaser on acceptance of the Offer as indicated in clause 10 herein.

Purchaser	Vendor
	

6. CONDITION OF PROPERTY UPON CLOSING

The Vendor and CMN Calgary Inc. as the Agent hereby disclose that the Property is being sold on an "as-is" basis and possesses numerous material and latent defects. The Purchaser hereby acknowledges this disclosure. Construction of the Property has not been completed and deficiencies exist in the building envelope and superstructure, mechanical/HVAC systems, electrical, and life safety systems - at minimum. The Property has not received sign off from the engineer of record or necessary approvals from the County of Rockyview.

7. ADJUSTMENTS



Adjustments shall be made as of the Date of Closing with respect to all items of revenue and expense including but not limited to taxes, utilities, principal, interest and other payments on any mortgage and other similar items. The Vendor shall be responsible for payment of any claim of the Vendor for any arrears and shall be responsible to discharge all builder's liens registered against the Property.

8. REPRESENTATIONS AND WARRANTIES

The following representations and warranties of this Offer shall not be discharged by or merged in the Date of Closing of this transaction, but shall survive the same and continue thereafter as warranties and representations between the Vendor and the Purchaser.

The Vendor warrants and represents:

- a) that the Vendor is not now (nor will be on the Date of Closing) a non-resident of Canada within the meaning of the Federal Income Tax Act of Canada;
- b) that the Vendor has not received any notice and is not aware of any expropriation or proposed expropriation of the Property or any part thereof;
- c) that all municipal, school and other taxes and assessments, general and special affecting the Property shall have been fully paid to the appropriate taxing authorities up to and including the Date of Closing;
- d) that all public utility charges, all insurance premiums and all other costs and expenses relating to the Property shall have been fully paid to the persons properly entitled thereto, up to and including the Date of Closing;
- e) that the operation of the building on the Property is not subject to any written service, operating, management, employment or other contract except the contracts to be delivered to the Purchaser as specified in paragraph 9 herein;
- f) that no person will have, as of the Date of Closing, any right of first refusal, option or other right to purchase the Property, now or in the future;

Purchaser	Vendor
	



- g) that any leases on the Property shall be terminated;
- h) the Vendor has full and absolute right and power to transfer and will transfer to the Purchaser good and marketable title to the Property, free and clear of any lien, claim, charges, encumbrances or interest, other than the Permitted Encumbrances.

9. DELIVERY OF DOCUMENTS

The Vendor covenants to deliver to the Purchaser within FIVE (5) BUSINESS BANKING DAYS of conditional acceptance hereof of this Offer, the following, only if available:

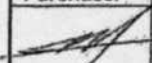
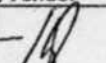
- a) true copies of all leases, service, maintenance or other contracts affecting the Property; if available;
- b) financial statements showing the revenue and expenses of the Property for the last completed fiscal year of the Vendor; if available;
- c) monthly statements showing the revenue and expenses of the Property for such month following the most recent statement referred to in subparagraph (9 b) until the month prior to acceptance of this Offer; if available;
- d) a plan of survey or surveyor's certificate of the Property with a Compliance Stamp from the City of Calgary made or updated by a qualified land surveyor within the last three years, showing the buildings on the land, in a form satisfactory to the Purchaser, if available;
- e) a list of the chattels and equipment included in the Purchase Price and referred to in paragraph 5 herein; if available; and
- f) copies of any engineering, electrical, mechanical, structural and environmental studies or maintenance reports for the Property.

The Closing Documentation shall be delivered to the Purchaser's solicitor pursuant to reasonable trust conditions for a similar transaction in Calgary, Alberta, and shall allow for the placement of Purchaser's financing.

10. COVENANTS

The Vendor covenants and agrees with the Purchaser to not encumber the said Property after the execution of this Offer and while the same is in effect, and upon the Date of Closing of this transaction, the Vendor will deliver to the Purchaser a registrable transfer of title, subject only to the Permitted Encumbrances listed on Schedule "B" attached hereto. Such transfer shall be prepared at the expense of the Vendor. For further clarification all Builders Liens shall be addressed and discharged by the Vendor through whatever means at their disposal prior to or upon the Date of Closing.

In order to fully apprise the Purchaser of the status of the Property, the Vendor hereby authorizes and directs all municipal, provincial, federal and other authorities having jurisdiction over the Property, to conduct such inspections and provide the Purchaser with such information, certificates, clearances and statements relating thereto, as the Purchaser may in writing request, all at the Purchaser's expense. The Vendor agrees to

Purchaser	Vendor
	

execute specific authorizations in pursuance of this paragraph within TWO (2) BUSINESS BANKING DAYS of request by the Purchaser.

The Purchaser shall have the right to register this Offer on title prior to closing to assist in satisfying the Purchaser's condition outlined in clause 2 c). If the conditions precedents outlined in clause 2 c) herein are not met within the indicated time period this Offer will be rendered null and void and the registration will be immediately discharged by the Purchaser or the Vendor.

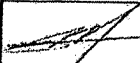
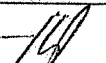
11. CLOSING DOCUMENTATION

FIVE (5) BUSINESS DAYS prior to the Date of Closing, the Vendor shall deliver to the Purchaser's solicitor, in trust:

- a) a duly executed registrable Transfer of Land conveying the Property to the Purchaser free and clear of all liens, charges, encumbrances whatsoever save and except those permitted herein;
- b) a Vendor's Statement of Adjustment approved by the Vendor;
- c) a bill of sale for all the chattels forming part of the Property, free and clear of all liens, charges and encumbrances;
- d) originals of all leases, service contracts, and other documents as specified in Paragraph (9) herein; if any;
- e) an assignment of interest in all outstanding guarantees and warranties with respect to the chattels;
- f) an assignment of all permits and licences that have been issued to the Vendor that are necessary to operate and occupy the Property; if any;
- g) all duplicate keys and master keys (if available) to all units and facilities on the Property;
- h) the Vendor's undertaking to re-adjust on the Statement of Adjustments, if necessary, after the Date of Closing; and
- i) such other documents as the Purchaser or his solicitors may reasonably require to give effect to the intent of this Offer.

12. RISK

Until the Date of Closing, all buildings and equipment on the Property shall be and remain at the risk of the Vendor. In the event of damage prior to the Date of Closing, which is reasonably likely to cost more than FIFTY THOUSAND DOLLARS (\$50,000.00) to repair, the Purchaser shall have the right to elect to take the proceeds of any insurance and complete the purchase, or to terminate the purchase, whereupon it shall be entitled to the return of any deposit monies with any interest earned thereon. In the event of lesser damage, the Vendor shall repair such damage prior to the Date of Closing or shall allow the Purchaser an abatement in the Purchase Price equal to the reasonable cost of such repair. In the event of any expropriation of all or part of the Property, or if the Vendor or Purchaser shall have any knowledge of any actual or

Purchaser	Vendor
	

contemplated expropriation, the Purchaser shall have the right to elect to take the proceeds of any such expropriation and complete the purchase, or to terminate the agreement, whereupon it shall be entitled to the return of any deposit monies with any interest earned thereon.

13. NOTICES

Any notices required or permitted to be given hereunder or any tender or delivery of documents may be sufficiently given by delivery to the Purchaser at the following address:

Corridor Pacific Corporation  
c/o Colliers International  
200, 10500 48<sup>th</sup> Street SE  
Calgary, AB T3H 5P7  
403-266-5544

Attention: Mr. Michael Massing, Mr. Richard Schwann and Mr. Evan Truman  
[michael.massing@collierscalgary.com](mailto:michael.massing@collierscalgary.com); [dick.schwann@collierscalgary.com](mailto:dick.schwann@collierscalgary.com);  
[evan.truman@collierscalgary.com](mailto:evan.truman@collierscalgary.com)

and to the Vendor at the following address:

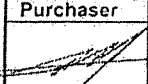

Alberta Treasury Branches by it Agent, Pricewaterhouse Coopers Inc.  
AND  
Peers Foster Kristiansen Inc. by its Trustee in Bankruptcy, Pricewaterhouse  
Coopers Inc.  
c/o Colliers International  
200, 10500 48<sup>th</sup> Street SE  
Calgary, AB T3H 5P7  
403-266-5544

Attention: Mr. Michael Massing, Mr. Richard Schwann and Mr. Evan Truman  
[michael.massing@collierscalgary.com](mailto:michael.massing@collierscalgary.com); [dick.schwann@collierscalgary.com](mailto:dick.schwann@collierscalgary.com);  
[evan.truman@collierscalgary.com](mailto:evan.truman@collierscalgary.com)

Notice shall be deemed to be given upon actual delivery.

14. ASSIGNMENT

The Purchaser shall have the right to assign its interest in this agreement provided however that the Purchaser shall remain liable for the Purchaser's covenants and obligations herein until the Date of Closing. Such assignee shall then inherit all of the Purchaser's rights and obligations under this agreement. This agreement shall extend to and be binding upon and enure to the benefit of the parties hereto and their respective successors and assigns.

Purchaser	Vendor
	

15. FACSIMILE TRANSMISSION

This Offer or a counterpart hereof may be executed and transmitted by fax or secure electronic mail, with transmission confirmed as complete, and if so, executed and transmitted, this Offer shall be for all purposes as effective and binding upon such party as if such party had delivered an originally executed document.

16. TIME

Specific times shall be in accordance with the system of standard or daylight saving time in effect where the Property is located. If the date for making of any payment hereunder or the date for doing any act shall be a Saturday, Sunday or holiday in the City of Calgary, such date shall be extended to the first business day next following such date. "Business Day" means a day other than a Saturday, Sunday, statutory or municipal holiday in the City of Calgary.

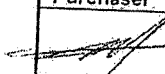

Time shall be of the essence of this agreement.

17. DEFAULT BY PURCHASER

If the Purchaser fails to fulfill its obligations in respect of the Date of Closing after conditions precedent have been fully satisfied as hereinbefore set out, through no fault of CMNCI, then the First Deposit and Second Deposit shall be forfeited by the Purchaser to the Vendor as a genuine pre-estimate by the Vendor and Purchaser of the liquidated damages thereby suffered by the Vendor. This Offer shall be rendered null and void and the Vendor will have no further claim against the Purchaser.

18. AGENCY DISCLOSURE

The Agent hereby discloses that it is acting as a dual agent for both the Vendor and the Purchaser in this transaction. The Vendor and Purchaser hereby acknowledge this disclosure and agree and consent to the Agent disclosing to both parties all facts known to the Agent that materially affect or may materially affect the marketability or value of the Property.

Purchaser	Vendor
	

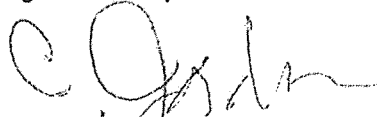
19. GOODS AND SERVICES TAX

In the event any tax, whether categorized as a multi-stage sales tax, a modified retail sales tax, a value added tax, or a goods and services tax is levied or charged with respect to the commissions paid by the Vendor to CMN Calgary Inc., the Vendor shall be responsible for payment and/or reimbursement to CMN Calgary Inc., for such tax.

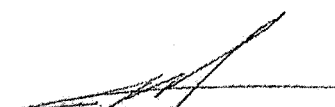
It is understood that any Goods and Services Taxes (GST) payable on the Purchase Price of the Property shall be paid by the Purchaser and collectable by the Vendor and are separate and in addition to the Purchase Price. The Purchaser intends to be a registrant for GST purposes on or before the Date of Closing. It is understood by the parties hereto that if the Purchaser is a registrant for GST purposes at the Date of Closing, then the Purchaser may deliver to the Vendor a statutory declaration stating the Purchaser's GST registration number and confirming the Purchaser's registration in lieu of making the aforesaid payment of GST.

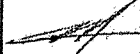

DATED AT the City of Calgary, in the Province of Alberta, this 17<sup>th</sup> day of August, 2011.

Signed in the presence of:

  
\_\_\_\_\_  
WITNESS

Corridor Pacific Corporation

PER:   
\_\_\_\_\_  
Authorized Signature  
  
PRESIDENT + CEO  
\_\_\_\_\_  
Name and Title

Purchaser	Vendor
	

## ACCEPTANCE

We, the undersigned Vendor of the Property, hereby accept the above Offer and agree to complete the sale on the terms and conditions in the Offer and should we fail to do so, the Purchaser may, at its option, cancel the Offer and withdraw any deposit monies or take whatever remedies the Purchaser may have at law.

Any deposit monies shall always apply firstly to pay the Commission due to CMN Calgary Inc. and we authorize CMN Calgary Inc. to deduct from the deposit the Commission payable.

We hereby irrevocably assign out of the proceeds of the sale any unpaid balance of the Commission and we direct our solicitor to pay the same to CMN Calgary Inc. upon the completion of the sale. WE HEREBY NOTIFY BOTH THE PURCHASER AND OUR SOLICITOR OF THIS ASSIGNMENT.

DATED AT the City of Edmonton, in the Province of Alberta this 18 day of August, 2011.

Alberta Treasury Branches by its Agent,  
Pricewaterhouse Coopers Inc.

PER: \_\_\_\_\_

Authorized Signature

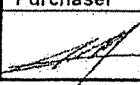

Kevin Peterson, Vice President  
Name and Title PWC INC.

Peers Foster Kristiansen Inc. by its Trustee in  
Bankruptcy, Pricewaterhouse Coopers Inc.

PER: \_\_\_\_\_

Authorized Signature

Kevin Peterson, Vice President  
Name and Title PWC INC.

Purchaser	Vendor
	

SCHEDULE "A"

The "Property"

Municipal Address

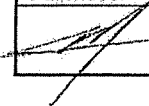

25007 Mountain View Trail, Springbank AB

Description

A +/- 26,861 square foot industrial facility on 1.95 acres

Legal Description

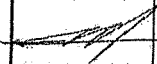

Plan 0310163; Block R; Lot 11

Purchaser	Vendor
	

# SCHEDULE "B"

## "Permitted Encumbrances"

<u>Registration #</u>	<u>Date</u>	<u>Nature of Instrument</u>
2205LB	22/07/1971	Restrictive Covenant
761 141 577	17/11/1979	Zoning Regulations Subject to Springbank Airport Zoning Regulations
011 223 237	07/08/2001	Easement Over and For Benefit Of: See Instrument As to Plan 0112101 portions Described
031 023 016	20/01/2003	Caveat RE: Deferred Reserve
031 023 018	20/01/2003	Caveat RE: Development Agreement Pursuant to Municipal Government Act
031 023 023	20/01/2003	Easement Over and For Benefit See Instrument
031 023 024	20/01/2003	Caveat RE: Easement
031 023 025	20/01/2003	Utility Right of Way
031 023 026	20/01/2003	Caveat RE: Restrictive Covenant
031 023 027	20/01/2003	Caveat RE: Easement
061 173 137	05/05/2006	Utility Right of Way Grantee – Atco Gas and Pipelines Ltd.

Purchaser	Vendor
	



## **Schedule 4**



## Fitzroy Developments Ltd.

710, 304 - 8<sup>TH</sup> AVENUE S.W.  
CALGARY, ALBERTA T2P1C2  
TEL: (403) 294-1041/1042  
FAX: (403) 294-1154

December 5, 2011

PriceWaterhouseCoopers Inc., as Agent of Alberta Treasury Branches  
and as a Trustee in Bankruptcy of Peers Foster Kristiansen Inc.  
c/o McLennan Ross LLP  
600 West Chambers, 12220 Stony Plain Road,  
Edmonton, AB T5N 3Y4

Attention: Charles Russell

-and-

Tiro Clarke,  
Barrister and Solicitor  
301, 522 - 11th Avenue S.W.,  
Calgary, AB T2R 0C8

Attention: Tiro Clarke

**Re: 250007 Mountain View Trail, Springbank, AB**

Dear Charles and Tiro,

As you are aware, on November 18, 2011, Fitzroy Developments Ltd. ("Fitzroy") entered into an Assignment Agreement with Corridor Pacific Corporation ("Corridor") pursuant to which it agreed to assign the Offer to Purchase and Interim Agreement (the "Purchase and Sale Agreement") accepted on the 18<sup>th</sup> day of August, 2011 between Corridor and PriceWaterhouseCoopers Inc., as Agent of Alberta Treasury Branches and as Trustee in Bankruptcy of Peers Foster Kristiansen Inc. ("PWC") relating to the purchase of a 26,861 square foot industrial building located at 250007 Mountain View Trail, Springbank, AB on 1.95 acres in Springbank, Alberta (the "Property"). Corridor, Fitzroy and PWC entered into an Acknowledgment and Agreement dated November 28, 2011 (the "Acknowledgement Agreement") which, among other things, provided an extension to the time frames in the Purchase and Sale Agreement and outlined the terms for the deposit made by Fitzroy. Pursuant to the Acknowledgment Agreement, Fitzroy has until 4:30 pm on December 5, 2011 to waive its due diligence condition with respect to the purchase of the Property.

Since November 28, 2011, Fitzroy has devoted significant resources and time to complete its due diligence with respect to the Property. In particular, Fitzroy has:

1. Met numerous times with Milton Kiehlbauch to review the Property and all work necessary to complete the building on the Property;
2. Retained Bennett Jones LLP to complete detailed searches and perform legal due diligence on the Property;
3. Retained MHPM to conduct a building inspection and provide a report on outstanding deficiencies on the Property;
4. Met with Roger White, the architect who worked on the construction of the building on the Property to review the status of construction and outstanding deficiencies;
5. Retained AMEC to complete a Phase 1 environmental report on the Property;
6. Retained Jones Geomatics to complete a Real Property Report on the Property;
7. Obtained and reviewed all caveats, easements and other registrations on the Property;
8. Met with representatives of the Municipal District of Rockyview to review all files relating to the Property;
9. Met with the President of the Springbank Business Park Owners' Association to review the requirements relating to the building on the Property;
10. Obtained quotes on insurance for the Property; and
11. Reviewed all legal documents relating to the bankruptcy and sale of the Property.

As a result of its due diligence, Fitzroy was able to ascertain that:

1. Many of the documents normally provided to a purchaser were not available and, as a result, Fitzroy was required to order, complete or otherwise obtain such information on a rush basis at its expense;
2. There are numerous outstanding deficiencies to the building on the Property, which will require substantial work to complete. As a result of the manner in which work was halted on the construction and the time that the building has been vacant, there are significant risks to the completion of this work. Further, the delays in the sale process have made it impossible to complete much of this work during the winter season and have added to the risks. In addition, the costs required to finish this work are significantly larger than anticipated;
3. Since the initiation of the bankruptcy proceedings, a substantial amount of fixtures and inventory have been removed from the building on the Property that will add to the costs of completion;
4. No real property report relating to the Property has been approved by the MD of Rockyview. It is unlikely that such a report will be approved, as the site is currently not compliant due to the presence of two unauthorized buildings that will have to be removed at the expense of the new owner;

5. A substantial issue relating to the water and drainage for the overall development remains outstanding with the MD of Rockyview. The developer has not complied with the requirements of the MD of Rockyview and a dispute between two of the owners is preventing this issue from being resolved; and
6. As a result of the foregoing issues, no bank financing will be available to a purchaser until these substantial deficiencies are resolved.

Notwithstanding the foregoing, Fitzroy is prepared to waive its due diligence condition and proceed with the purchase of the Property on the following conditions:

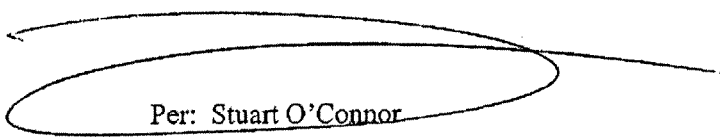
1. The real property report commissioned by Fitzroy is approved by the MD subject only to the deficiency noted above on or before December 16, 2011;
2. The purchase price of the property is reduced to \$2,250,000; and
3. A court order is obtained authorizing the sale to Fitzroy or its nominee on or before December 16, 2011.

In the event that these conditions are met, Fitzroy is prepared to complete the purchase on a cash basis on or before December 19, 2011.

We would kindly ask that PriceWaterhouseCoopers Inc. confirm their acceptance of the terms herein on or before the close of business on Wednesday, December 7, 2011.

Yours truly,

**FITZROY DEVELOPMENTS LTD.**



Per: Stuart O'Connor

Cc:

Bennett Jones LLP  
4500 Bankers Hall East  
855 - 2nd Street S.W.  
Calgary, Alberta T2P 4K7

Attention: Ronald M. Barron