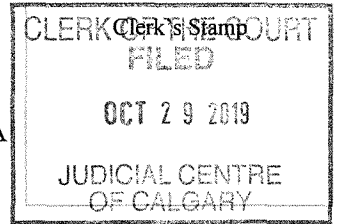


COURT FILE NUMBER 1701 – 07646  
COURT COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL CENTRE CALGARY



PLAINTIFF (APPLICANT) CONNECT FIRST CREDIT UNION

DEFENDANT (RESPONDENT) **LREIT HOLDINGS 34 CORPORATION, LANESBOROUGH REAL ESTATE INVESTMENT TRUST, CHARLES K. LOEWEN, trustee of LANESBOROUGH REAL ESTATE INVESTMENT TRUST, ARNI C. THORSTEINSON, trustee of LANESBOROUGH REAL ESTATE INVESTMENT TRUST and EARL S. COLEMAN, trustee of LANESBOROUGH REAL ESTATE INVESTMENT TRUST**

DOCUMENT **SECOND REPORT OF THE RECEIVER**

**October 28, 2019**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

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ALVAREZ & MARSAL

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## INTRODUCTION

1. On February 28, 2019 (the “**Receivership Date**”), an Order was granted by the Court of Queen’s Bench of Alberta (the “**Consent Receivership Order**”) and, pursuant to section 243 (1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, C.B-3 (“**BIA**”), section 13(2) of the *Judicature Act*, R.S.A. 2000, C.J-2, and 49 of the *Law of Property Act*, RSA 2000, c L-7, Alvarez & Marsal Canada Inc. was appointed Receiver and Manager (“**Receiver**”) of LREIT Holdings 34 Corporation (“**LREIT 34**” or the “**Debtor**”). The Receiver has been appointed over the Debtor’s current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including lands originally legally described as:

Plan 0425943  
Block 11  
Lot 1  
Containing 2.25 Hectares (5.56 Acres) More Or Less  
Except Thereout All Mines and Minerals  
(The “**Lands**”);

and

All of The Right, Title, and Interest of the Debtor, in All Chattels Located on  
the Lands  
(The “**Chattels**” and together with the Lands, “**Woodland Park**”)

2. Lanesborough Real Estate Investment Trust (“**Lanesborough**”) is an unincorporated closed-end real estate investment trust created to invest primarily in a portfolio of mostly residential development properties. Lanesborough is the beneficial interest owner of the various holding companies under its umbrella of companies. LREIT 34 is one such company, and is the bare trustee of Woodland Park. Although the Receiver was appointed as the receiver of Lanesborough’s interest in Woodland Park, Lanesborough is not in Receivership.
3. The Receivership Order empowers and authorizes, but does not obligate, the Receiver to, among other things, manage, operate and carry on the business of the Debtor and to take possession and control of the Property and any and all proceeds,

receipts and disbursements arising out of or from the Debtor, and to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business.

4. On April 17, 2019, this Honourable Court granted an amended and restated Consent Receivership Order (the “**Amended Receivership Order**”), appointing the Receiver as administrator of Condominium Corporation No. 1820957 (the “**Condo Corporation**”). The Receiver was empowered and authorized to manage the affairs of the Condo Corporation in all respects under the *Condominium Property Act*, RSA 2000, c C-22. The Amended Receivership Order also corrected and amended the definition of "Property" in the Consent Receivership Order.
5. The purpose of this second report of the Receiver (the “**Second Report**” or “**this Report**”) is to provide this Honourable Court with information in respect of the following:
  - a) the activities of the Receiver since the date of the First Report;
  - b) an electrical malfunction at the Apartment Building and the Receiver's efforts to repair the same (“**Electrical Work Repairs**”);
  - c) an update on the Receiver’s selection of sales and marketing agents in connection with the Receiver’s proposed Marketing Process for the Remaining Town Homes and the Apartment Building (“**Marketing Process**”);
  - d) the Receiver’s request to this Honourable Court to grant a Restricted Court Access Order in respect of certain commercial sensitive documents and information;
  - e) the cash flow results for the period from February 28, 2019 to October 25, 2019 (the “**Reporting Period**”);
  - f) an increase to the authorized borrowings of the Receiver pursuant to the Amended Receivership Order Borrowings (the “**Receiver's**”

**Borrowing Powers")** to \$1.5 million, primarily to pay for the required Electrical Work Repairs and to have funds available to pay the administrative and professional fees of the estate;

- g) approval of the Receiver's actions, activities and conduct, and the fees and disbursement of the Receiver and those of its legal counsel;
  - h) the Receiver's ongoing activities and its proposed course of action; and
  - i) the Receiver's conclusions and recommendations.
5. Capitalized words or terms not otherwise defined in this Report are as defined in the Amended Receivership Order or the First Report.
6. All references to dollars are in Canadian currency unless otherwise noted.

#### **TERMS OF REFERENCE**

7. Prior to the Receivership Date, Alvarez & Marsal Canada ULC ("**A&M ULC**") was engaged as consultant to the Connect First Credit Union ("**Connect First**"), which was consented to by the Debtor and Lanesborough. The engagement commenced on or around February 16, 2016 and was terminated immediately prior to the Receivership Date. In that role, A&M ULC reviewed, assessed and reported to Connect First from time to time on the operations, ongoing viability and security position of LREIT 34, as well as Lanesborough and its other holding companies.
8. In preparing this Report, the Receiver has relied upon: (i) information obtained prior to the Receivership Proceedings through A&M ULC; (ii) the representations of certain management, employees and management company of Lanesborough that managed and operated LREIT 34; and (iii) financial and other information contained in the Debtors' books and records, which were produced and maintained principally by the Debtor and its property manager.
9. The Receiver has not performed an audit, review or otherwise attempted to verify the accuracy or completeness of the Company's financial information that would

wholly or partially comply with Canadian Auditing Standards (“CASs”) pursuant to the Chartered Professional Accountants Canada Handbook, and accordingly, the Receiver expresses no opinion or other form of assurance contemplated under CASs in respect of the financial information. Future oriented financial information relied upon in this Report is based on the Receiver’s assumptions regarding future events and actual results achieved will vary from this information and the variations may be material.

## **BACKGROUND AND OVERVIEW**

10. LREIT 34’s principle address is located at 230 Wilson Drive, Fort McMurray, Alberta, commonly referred to as "**Woodland Park**". Woodland Park is a 107-unit residential condominium complex located within the Wood Buffalo Estates area of Thickwood Heights in Fort McMurray, Alberta, comprised of 75 apartment units in a single apartment building (the "**Apartment Building**") and 32 separate townhomes (the "**Town Homes**"), 27 of which remain in possession of the Receiver (the "**Remaining Town Homes**"). LREIT 34 is registered to carry on its businesses in the Province of Alberta.
11. Prior to the Receivership Date, Shelter Canadian Properties Ltd. (the "**SCPL**") was the asset manager of LREIT 34. The Receiver has since engaged a new property manager, Alberta Property Management Solutions Inc. ("**APM**"), to manage Woodland Park on a go-forward basis.
12. Further background on LREIT 34, Lanesborough and their operations are contained in the materials filed in support of the Consent Receivership Order. These documents, together with the First Report and other public filed Court materials in these proceedings have been posted on the Receiver's website at: [www.alvarezandmarsal.com/LREIT34](http://www.alvarezandmarsal.com/LREIT34) (the "**Receiver’s Website**").

## **ACTIVITIES OF THE RECEIVER**

13. Since the First Report of the Receiver, the Receiver’s activities have included, but are not limited to, the following:

- a) ongoing communication and dealings with APM;
- b) attending and inspecting Woodland Park, meeting with APM, key stakeholders, real estate agents, and critical suppliers in Fort McMurray;
- c) selecting and negotiating terms and conditions with Walsh Real Estate 2010 Ltd. o/a RE/MAX Fort McMurray ("RE/MAX") to be its listing agent in the marketing and sale of the Remaining Town Homes;
- d) addressing the Electrical Work Repairs, which included engaging certain suppliers and contractors to perform initial inspections and repairs, arranging various building and electrical permits to complete the repairs, and certain capital improvements to the Apartment Building;
- e) communicating with Lanesborough and SCPL with respect to Woodland Park information and certain financial information;
- f) analyzing the market, rental rates, and various valuations for the Remaining Town Homes and Apartment Building;
- g) monitoring LREIT 34's cash flow and ensuring rent was being received and suppliers were paid on a timely basis;
- h) communicating with the Condo Corporation's insurance brokers with respect to the Electrical Work Repairs and arranging for claims to be filed under the Condo Corporation's existing insurance policies;
- i) communicating and continuing to provide instructions to the Receiver's independent legal counsel, Burnet, Duckworth & Palmer LLP ("BDP"), in respect of the Receivership Proceedings; and

- j) attending various meetings and communications with Connect First, as the main creditor stakeholder, and BDP with respect to operational and financial updates of LREIT 34.

## **SELECTION OF A MARKETING AGENT**

- 14. Pursuant to paragraph 4(d) of the Amended Receivership Order, the Receiver is authorized to, among other things, engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel, and other persons to assist with the exercise of the Receiver's powers and duties.
- 15. The Receiver contacted four separate commercial realty brokerages (the "**Brokers**") in order to obtain their professional and independent views of the market and potential realizations of Woodland Park, including any alternative development strategies that may increase potential realizations for the estate. Each Broker executed a non-disclosure agreement and subsequently provided their proposals to the Receiver on and around May 30, 2019 (the "**Proposals**").
- 16. The Receiver reviewed the Proposals and communicated with the Brokers to further understand and discuss the same. A summary of the Proposals is attached as **Confidential Appendix 1** to this Report.
- 17. The Proposals outlined the Brokers' estimations of the potential gross realizations that may be achieved for Woodland Park and their recommended marketing processes. Specifically, the Receiver requested the Brokers to focus the Proposals into three groupings:
  - a) a "**Wholesale Transaction**", in which a purchaser would acquire LREIT 34's entire interest in Woodland Park, i.e. all 75 units in the Apartment Building and all 27 Remaining Town Homes;
  - b) a "**Retail Transaction**", in which LREIT 34's interest in both the Apartment Building and the Remaining Town Homes would be offered to retail purchasers through individual unit sales; and



- c) a "**Combined Transaction**", in which a single purchaser would acquire LREIT 34's entire interest in the Apartment Building, while LREIT 34's interest in the Remaining Town Homes would be offered to retail purchasers through individual unit sales.
18. Based on the Proposals, the anticipated realizations are significantly lower than the debt owing to Connect First, being approximately \$25 million. As such, it is expected that Connect First will suffer a shortfall and is considered the fulcrum creditor of the estate.
19. After considering the Proposals, the Receiver, with the support of Connect First, has concluded that the preferred marketing strategy is a Combined Transaction, as this approach projects potential greater gross proceeds than a Wholesale Transaction, while also mitigating the extended timeline and selling costs associated with a Retail Transaction.
20. On September 8, 2019, the Receiver engaged Colliers International c/o CMN Calgary Inc. ("**Colliers**") as marketing agent for the Apartment Building. An executed copy of the engagement letter with Colliers is attached as **Appendix D** to this Report.
21. After significant consultation and discussions with RE/MAX, and as a result of its prior experience with listing and selling Town Homes prior to the Receivership Date, the Receiver will be entering into listing agreements with RE/MAX for the Remaining Town Homes. The Receiver is in the final stages of executing five listing agreements with RE/MAX for certain Remaining Town Homes that RE/MAX, the Receiver, and APM view as appropriate to maximize potential realizations and maintain adequate rental capacity.
22. Connect First supports the Receiver's selection of both Colliers and RE/MAX to act in respect of the Apartment Building and Remaining Town Homes, respectively.
23. Due to the sensitive nature of the information provided with respect to value in the Proposals, and given the fact that that the Receiver has not yet fully initiated the

Marketing Process, the Receiver is of the view that if the information contained in the Proposals is disclosed to third parties prior to the marketing of the Apartment Building or Remaining Town Homes, the disclosure would materially jeopardize the potential realizations (or, if the sale does not close, such disclosure could materially jeopardize the value that the Receiver could subsequently obtain from a subsequent sale of the Apartment Building or Remaining Town Homes). As such, the Receiver is respectfully of the view that the information contained in the Proposals is commercially sensitive, and it is appropriate for Court to grant the Receiver's request for a Restricted Court Access Order to seal Confidential Appendix as it contains a summary of the Proposals.

### **PROPOSED MARKETING PROCESS**

24. Paragraphs 4(k), (l) and (m) of the Amended Receivership Order authorize and/or empower the Receiver to:
  - a) market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and to negotiate such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
  - b) sell any part of the Property with the approval of the Court; and
  - c) apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property.
  
25. The Receiver, through RE/MAX, intends to list the 27 Remaining Town Homes on the MLS<sup>®</sup> service. The Receiver will list only a small number of the Remaining Town Homes at any given time in order to limit the amount of supply in the local Fort McMurray market.

26. In order to reduce costs to LREIT 34's estate and its stakeholders, the form of Approval and Vesting Order as attached as **Appendix C** (the "**AVO**") will enable the Receiver to execute the individual sales of the Remaining Town Homes without the costs associated with seeking the approval of this Honourable Court in each instance.
27. Subject to Court approval, the Marketing Process and AVO will allow the Receiver, with the consent of Connect First, to establish the listing price for each of the Remaining Town Homes before they are listed for sale (the "**List Price**"). If an offer is received on any of the Remaining Town Homes which is greater than or equal to the List Price, the Receiver would be permitted to close the transaction (a "**Transaction**") without further Order of this Honourable Court or the consent of Connect First. However, where an offer is lower than the List Price, the Receiver must seek the consent from Connect First, and any other party with a security interest in that particular Remaining Town Home, before entering into a Transaction but would still not require further Order of this Court.
28. Each Remaining Town Home will be sold to a Purchaser on an "as is, where is" basis with no material conditions to closing. The form of Offer to Purchase and Agreement of Purchase and Sale to be used is attached as **Appendix G**.
29. The Receiver submits that the proposed Marketing Process and the Transactions satisfy the *Soundair* principles as they are both in the best interest of LREIT 34's stakeholders, including Connect First, and should therefore be approved by this Honourable Court. In short:
- a) the Receiver has made, and together with its agent will make, adequate efforts to obtain the best price for the Remaining Town Homes in the circumstances and has not acted improvidently;
  - b) Connect First, as fulcrum secured creditor, supports the Transactions, and the AVO requires its agreement and that of any other party with a

security interest in a particular Remaining Town Home to a price lower than the List Price;

- c) the process prior to the execution of any Purchase and Sale Agreements is proper and acceptable in the circumstances, and
- d) there has been no unfairness in the process.

30. In all the circumstances, the Receiver respectfully requests that this Honourable Court exercise its discretion to approve the Marketing Process, the AVO, and the Transactions.

31. As set forth in this Report, the Receiver is of the view that the Proposed Marketing Process is:

- a) designed to obtain the highest and best value for Woodland Park in the circumstances; and
- b) in the best interest of the Debtor's stakeholders;

## **ELECTRICAL WORK REPAIRS**

32. During the initial stages of the Receivership Proceedings, APM advised the Receiver that it had discovered water seepage in the electrical room which provides electricity to the Apartment Building. As a result, the Receiver engaged the services of a local and experienced electrical company, TAZI Electric Ltd. (“TAZI”), to perform a preliminary inspection and advise the status of the electrical room.

33. After conducting its review, TAZI advised the Receiver that water had leaked into the electrical room from the conduit which connects the exterior transformer to the Apartment Building. The Receiver’s contractors identified that the water was “energized/electrified” and informed ATCO Electric Ltd. (“ATCO”) of potential cable corrosion.

34. On June 3, 2019, ATCO advised the Receiver that, based on its preliminary analysis, there was a high likelihood that at least of 2 of the 9 power lines from the transformer to the Apartment Building were fully corroded. The Receiver was further advised that due to the water seepage into the electrical conduit, debris had built up and degraded the insulation surrounding the electrical wires. Given the nature and potential severity of this issue, ATCO was required to advise the Regional Municipality of Wood Buffalo (“**RMWB**”) of the situation, and did so.
35. On June 5, 2019, RMWB notified the Receiver that RMWB had inspected the Apartment Building and deemed the electrical system a potential life safety issue that required the immediate shut down of power to the Apartment Building. A copy of RMWB's assessment is attached as **Appendix A** to this Report (the "**Inspection**").
36. As a result of the Inspection, the Receiver was required to rent a 500 KW diesel generator, which has been installed by contractors engaged by the Receiver and ATCO. The power from the exterior transformer has been disconnected.
37. The Receiver contacted various engineering consultants as it was determined that an electrical engineer was required to review, prepare plans, and complete the required drawings to repair the electrical system for the Apartment Building. Ultimately, the Receiver engaged the services of AKRON Engineering Consultants Group Ltd. (“**Akron**”).
38. Akron, together with the Receiver’s contractors, reviewed various alternatives on how to complete this work in the most efficient and effective manner. Based on various reviews and plans, Akron determined a path to complete this work. On August 22, 2019, Akron completed its first draft of design drawings and provided them to the Receiver and its contractors. Akron also submitted the initial drawings to RMWB who identified certain deficiencies in the initial drawings that required further amendments. Akron updated the drawings, following which the designs were submitted for final approval with RMWB on September 5, 2019. The

electrical drawings were approved on September 12, 2019, and RMWB issued electrical and building permits.

39. The Receiver, with the assistance of its contractors, prepared a budget to complete the Electrical Work Repairs. The Receiver is finalizing a contractor agreement with a general contractor to assist the Receiver in managing the Electrical Work Repairs, which is expected to start in early November 2019. A preliminary budget for the Electrical Work Repairs, which includes costs incurred and paid to date and forecast costs to complete, is listed in the chart below:

LREIT 34 - In Receivership		DRAFT - Subject to Change	
Estimated Costs of Electrical Repairs due to Water Damage			
CAD \$			
Expense Categorization	Actual		Forecast
	June 1 - Oct 25	Oct 25 - Dec 31	
Generator Rental and Fuel Costs	363,367	103,020	466,388
Direct Repair Costs	19,238	294,402	313,640
Engineering and Consulting	4,820	48,921	53,741
Security, Insurance and Other	43,646	52,167	95,813
<b>Total</b>	<b>431,071</b>	<b>498,510</b>	<b>929,581</b>

Note: The electrical repairs are incurred and paid by the Condo Corporation. The Receiver is the Administrator of the Condo Corporation and has been funding the operations and repairs at Woodland Park via transfers from LREIT Holdings 34 Corporation.

40. The Receiver has been managing and paying general operating costs and costs relating specifically to the Electrical Work Repairs from operating cash flow and borrowings under a Receiver’s Certificate. The Receiver requires additional borrowings to complete the Electrical Work Repairs, as further discussed below.
41. The Receiver has notified its insurance providers of the Electrical Work Repairs and submitted an insurance claim. The Receiver has engaged BDP to assist with this process. The Receiver also intends to engage a specialist to evaluate the timing and cause of this matter.

**RECEIPTS AND DISBURSEMENTS – FEBRUARY 28, 2019 TO OCTOBER 25, 2019**

42. The following is a statement of the Receiver’s receipts and disbursements (“R&D”) from the Receivership Date (February 28, 2019) to October 25, 2019 (the “Reporting Period”):

<b>LREIT 34 - In Receivership Actual Receipts &amp; Disbursements CAD\$, unaudited February 28, 2019 to October 25, 2019</b>	
<b>Opening Cash Balance</b>	<b>\$ 9,143</b>
<b>Receipts</b>	
Rental Receipts	947,859
Operating cash from Shelter	72,273
Interest	129
<b>Total Receipts</b>	<b>1,020,261</b>
<b>Disbursements</b>	
Condo Corporation fees	339,318
Utilities & facility costs	129,230
APMSI Property Management fees	39,049
Repairs and maintenance	15,662
Bank charges	2,477
Insurance (Rental income / contents coverage)	19,927
Property Tax	134,808
Electrical costs / project	349,014
Receiver's Fees and Counsel's Fees	312,198
<b>Total Disbursements</b>	<b>\$ 1,341,682</b>
<b>Operational Cash Flow</b>	<b>(321,422)</b>
<b>Receiver's borrowings</b>	<b>400,000</b>
<b>Ending Cash Balance</b>	<b>\$ 87,721</b>
<b>Security Deposit Cash</b>	
Opening security deposit balance	<b>\$ 155,200</b>
Security deposits received	31,200
Security deposits repaid / transfers	(58,002)
<b>Ending Security Deposit Balance</b>	<b>\$ 128,398</b>

43. There was \$9,143 of opening cash available as at the Receivership Date that it received from LREIT 34’s operating bank accounts, which the Receiver froze

shortly after the Receivership Date.

44. Receipts of approximately \$1,020,000, which primarily relate to:
  - a) rental receipts from tenants of approximately \$947,800;
  - b) other rental receipts transferred from SCPL of approximately \$72,273;
45. Disbursements of approximately \$1,342,000, which primarily relate to:
  - a) common element fees, property management and utility fees of approximately \$508,000;
  - b) general repairs and maintenance, bank charges and insurance costs of approximately \$38,000;
  - c) 2019 municipal property taxes paid in full of approximately \$135,000;
  - d) Electrical Work Repairs costs paid to date of approximately \$349,000, relating primarily to generator, fuel, and contractor costs; and
  - e) Professional fees and costs of the Receiver and its counsel totaling \$312,200 (includes GST), comprised of:
    - i. Receiver's fees and costs of \$170,837 for services rendered up to and including March 31, 2019
    - ii. BDP fees and costs totaling \$141,360 for services rendered up to and including July 31, 2019.
46. The Receiver has borrowed funds by issuing a Receiver's Certificate to Connect First for \$400,000 ("**Certificate No.1**"). A copy of Certificate No. 1 is attached as **Appendix B** to this Report. As discussed below, the Receiver is requesting from this Honourable Court for an increase of the Receiver's Borrowing Powers.
47. Total ending available cash (excluding the \$100,000 available under the Certificate No.1) as at October 25, 2019 was approximately \$87,721.



48. SCPL provided the Receiver with tenant security deposits totalling \$155,200. During the Receivership Proceedings to date, the Receiver has collected an additional \$31,200 of security deposits from tenants and returned approximately \$58,000 upon their departure.
49. Professional fees and costs of the Receiver and its counsel incurred, but not paid, up to September 30, 2019 total approximately \$246,366.

### **RECEIVER'S BORROWING**

50. Pursuant to paragraph 21 of the Amended Receivership Order, the Receiver has been empowered to borrow up to \$500,000, or such greater amount as the Court may further order.
51. The Receiver issued Certificate No.1 on August 15, 2019 and has received and utilized \$400,000 of these funds in the Receivership Proceedings.
52. The terms of Certificate No. 1 included interest calculated and compounded monthly not in advance on the last day of each month at a notional rate of per annum equal to the rate of 3% above the prime commercial lending rate of 3.95% from time to time, which, in the Receiver's view, is commercially reasonable in the circumstances.
53. Pursuant to paragraph 21 of the Amended Receivership Order, the amounts borrowed under Certificate No. 1 have a charge over the Property by way of a fixed and specific charge as security for the payment of the monies borrowed, together with interest and charges, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, but subordinate in priority to the Receiver's Charge.
54. As discussed in this Report, in order to complete the Electrical Work Repairs and to cover certain other operational and professional fees and costs, the Receiver requires the ability to borrow additional funds to ensure that it preserves, protects and ensure the value of Woodland Park is maintained. As such, the Receiver

requires an additional \$1.0 million to ensure the Receiver can commit to the various operational and repair costs and ensure that professionals are secured for the upcoming and future invoices on these proceedings.

55. Accordingly, the Receiver is respectfully requesting this Court to grant the Receiver's proposed Order, increasing the Receiver's Borrowing Powers to \$1,500,000.
56. The Receiver is advised that Connect First supports the Receiver's application to increase the Receiver's Borrowing Powers, subject to Court approval.

#### **THE RECEIVER'S AND RECEIVER'S COUNSEL FEES AND DISBURSEMENTS**

57. The Receiver seeks approval from this Court of its fees and disbursements and those from its counsel, BDP, from February 28, 2019 to September 30, 2019 (the "**Interim Period Billings**"), pursuant to the Receivership Order.
58. The Receiver's Interim Period Billings total \$371,341 (excluding GST). A summary of the Receiver's fees and disbursements are attached as **Appendix "E"** to this Report. The Receiver has paid its first invoice totaling \$162,702 (February 28 to March 31, 2019), which is reflected in the Receipts and Disbursements, while remaining balance represent unpaid invoices up to and including September 30, 2019 totaling \$208,639.
59. The Receiver's counsel's Interim Period Billings total \$160,623.72 (excluding GST). A summary of the Receiver's counsel's fees and disbursements are attached as **Appendix "F"** to this Report. The Receiver has paid BDP's first and second invoices totaling \$134,629 (February 28, 2019 to July 31, 2019), while the remaining balance represents an unpaid invoice up to and including September 30, 2019 totaling \$25,995.
60. The accounts of the Receiver and its counsel outline the date of the work completed, the description of the work completed, the length of time taken to complete the

work and the name of the individual who completed the work. Copies of the Receiver's counsel's invoices will be brought to the Receiver's application before this Honourable Court set for November 5, 2019 and made available to the Court, if requested.

61. The Receiver is respectfully of the view that its fees and those of its counsel fees are fair and reasonable in the circumstance and respectfully requests that this Court approve the Interim Period Billings of the Receiver and its counsel.

### **RECEIVER'S ONGOING ACTIVITIES AND FUTURE COURSE OF ACTION**

62. The Receiver's next steps include, but are not limited to:
- a) continuing the rental operations of LREIT 34;
  - b) continuing to communicate with vendors and service providers to LREIT 34 in order to ensure ongoing service to the tenants of Woodland Park;
  - c) continuing to act as Administrator of the Condo Corporation;
  - d) initiating the Proposed Marketing Process, subject to Court approval;
  - e) completing the Electrical Work Repairs; and
  - f) working with the APM to increase occupancy at Woodland Park.

### **RECEIVER'S RECOMMENDATIONS**

63. The Receiver respectfully recommends that this Honourable Court grant the following relief:
- a) an Order approving:
    - i. the actions of the Receiver set forth in the First Report and the Second Report;

- ii. the professional fees, receipts and disbursements of the Receiver, and those of the Receiver's legal counsel, as set forth in the Second Report; and
  - iii. an increase to the Receiver's Borrowing Powers from the amount set forth in paragraph 21 of the Consent Receivership Order to \$1,500,000;
- b) an Order approving the Proposed Marketing Process and the AVO, specifically:
- i. authorizing the Receiver to enter into individual Purchase and Sale Agreements with the Purchasers of individual Units and complete the individual Transactions contemplated by the Purchase and Sale Agreements (as those terms are defined in the AVO);
  - ii. ordering that upon delivery of a Receiver's Certificate to a Purchaser, all of the Debtor's right, title and interest in and to each Unit shall vest absolutely in the Purchaser, free and clear of all interests, liens, charges and encumbrances, other than the Permitted Encumbrances (as those terms are defined in the AVO); and
  - iii. authorizing the Receiver to take all necessary steps in order to complete the Transactions; and
- c) a Restricted Court Access Order, sealing Confidential Appendix 1 to this Report on the Court Record.

All of which is respectfully submitted this 29<sup>th</sup> day of October, 2019.

**ALVAREZ & MARSAL CANADA INC.,  
in its capacity as the court-appointed Receiver of  
the LREIT Holdings 34 Corporation., and not in  
its personal or corporate capacity**

A handwritten signature in blue ink, appearing to read 'Orest Konowalchuk', written in a cursive style.

Orest Konowalchuk, CPA, CA, CIRP, LIT  
Senior Vice President

**APPENDIX A – RMWB Inspection Report**

# ELECTRICAL INCIDENT REPORT FORM

LOCAL FILE NUMBER \_\_\_\_\_  
DATE \_\_\_\_\_

<b>DETAILS OF ACCIDENT</b>	Human Fatality (click one) <input type="checkbox"/> Yes <input type="checkbox"/> No	Human Injury (click one) <input type="checkbox"/> Yes <input type="checkbox"/> No	Animal Fatality (click one) <input type="checkbox"/> Yes <input type="checkbox"/> No			
	Date of Accident		Time of Day			
	Exact Location of Accident					
		LSD	Section	Township	Range	West of
	Name of Person Injured or Involved		Occupation	Age	Phone No.	
	Address				Postal Code	
	Description of Injury (if any)					
	Employer				Phone No.	
	Address				Postal Code	
	Description of Accident (state facts only)					

<b>ELECTRICAL EQUIPMENT INVOLVED</b>	Description of Electrical Equipment Involved in Accident (including power lines)	
	-	
		Voltage (to gnd. or Ø-Ø)
Owner of Equipment		Operator of Equipment (if different from owner)

<b>OTHER EQUIPMENT INVOLVED</b>	Description of Other Equipment Involved in Accident		
	-		
	License No. of Equipment (if applicable)	Make and/or Type of Equipment (if applicable)	
	Owner of Equipment		Phone No.
	Address		Postal Code
	Operator of Equipment		Phone No.
Address		Postal Code	

Reported By	Firm Name	Location	Phone No.
-------------	-----------	----------	-----------

**SUBMIT COPIES TO:**  
 Technical Administrator for the Electrical Discipline  
 16<sup>th</sup> Floor, 10155 – 102 Street, Edmonton, Alberta T5J 4L4  
 Email: [safety.services@gov.ab.ca](mailto:safety.services@gov.ab.ca) Fax: 780-427-8686 Phone: 1-866-421-6929

**APPENDIX B – Executed Receiver’s Certificate #1**



**SCHEDULE "A"**  
**RECEIVER CERTIFICATE**

CERTIFICATE NO.          #1    

AMOUNT                          \$500,000    

1.      THIS IS TO CERTIFY that Alvarez & Marsal Canada Inc., the receiver (the "Receiver") of all of the assets, undertakings and properties of LREIT Holdings 34 Corporation and the beneficial interest of Lanesborough Real Estate Investment Trust in the Property, as such term is defined in the Order (as defined below), appointed by Order of the Court of Queen's Bench of Alberta and Court of Queen's Bench of Alberta in Bankruptcy and Insolvency (collectively, the "Court") dated the 28<sup>th</sup> day of February, 2019 (the "Order") made in action number 1701-07646, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$500,000, being sum of the total principal sum of \$500,000 which the Receiver is authorized to borrow under and pursuant to the Order.
2.      The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded monthly not in advance on the last day of each month after the date hereof at a notional rate per annum equal to the rate of 3% per cent above the prime commercial lending rate of 3.95% from time to time.
3.      Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.
4.      All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at: Connect First Credit Union; 200, 2850 Sunridge Blvd NE, 200, Calgary, AB T1Y 6G2.
5.      Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.
6.      The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property) as authorized by the Order and as authorized by any further or other order of the Court.
7.      The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the 13th day of August 2019.

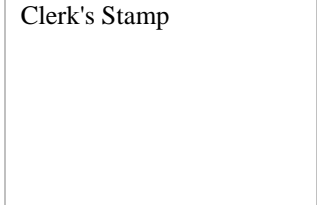
Alvarez & Marsal Canada Inc., solely in its capacity as  
Receiver of the Property (as defined in the Order), and not in  
its personal capacity

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

Name: Orest Konowalchuk, CPA, CA CIRP, LIT  
Title: Senior Vice President

## **APPENDIX C – Approval and Vesting Order**

COURT FILE NUMBER 1701-07646  
COURT COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL CENTRE CALGARY



PLAINTIFF (APPLICANT) **CONNECT FIRST CREDIT UNION LTD.**

DEFENDANT (RESPONDENT) **LREIT HOLDINGS 34 CORPORATION, LANESBOROUGH REAL ESTATE INVESTMENT TRUST, CHARLES K. LOEWEN, trustee of LANESBOROUGH REAL ESTATE INVESTMENT TRUST, ARNI C. THORSTEINSON, trustee of LANESBOROUGH REAL ESTATE INVESTMENT TRUST and EARL S. COLEMAN, trustee of LANESBOROUGH REAL ESTATE INVESTMENT TRUST**

DOCUMENT **APPROVAL AND VESTING ORDER (Sale by Receiver)**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT BURNET, DUCKWORTH & PALMER LLP  
Suite 2400, 525-8th Ave SW  
Calgary, Alberta T2P 1G1  
Attention: David LeGeyt  
Phone: (403)260 0210  
Fax: (403) 260 0332  
Email: dlegeyt@bdplaw.com

File: 64793-2

DATE ON WHICH ORDER WAS PRONOUNCED: \_\_\_\_\_

LOCATION WHERE ORDER WAS PRONOUNCED: \_\_\_\_\_

NAME OF JUSTICE WHO MADE THIS ORDER: \_\_\_\_\_

UPON THE APPLICATION by Alvarez & Marsal Canada Inc. in its capacity as the Court-appointed receiver and manager (the "**Receiver**") of the undertakings, property and assets of LREIT Holdings 34 Corporation and certain interests of Lanesborough Real Estate Investment Trust (collectively, the "**Debtor**") for an order approving future sale transactions in respect of certain residential condominium units and townhomes located at the municipal address of 230 Wilson Drive, Fort McMurray, Alberta ("**Woodland Park**" or the "**Development**") contemplated by current and future agreements of purchase and sale between the Receiver and purchasers, a form of which is and appended as • to the Second Report of the Receiver dated •, 2019 (the "**Second Report**"), and vesting

in the prospective purchasers the Debtor's right, title and interest in and to the assets described in the purchase and sale agreements;

**AND UPON HAVING READ** the Amended and Restated Receivership Order dated April 17, 2019 (the "**Amended and Restated Receivership Order**"), the Second Report, and the Affidavit of Service; **AND UPON HEARING** the submissions of counsel for the Receiver, Connect First Credit Union Ltd. and • no one appearing for any other person on the service list, although properly served as appears from the Affidavit of Service, filed;

**IT IS HEREBY ORDERED AND DECLARED THAT:**

**SERVICE**

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 of this application is abridged to that actually given.

**DEFINITIONS**

2. All capitalized terms not otherwise defined in this Order shall have the meaning ascribed to them in the Amended and Restated Receivership Order and the following terms shall have the following meaning:
  - (a) "**Beneficiaries of the Charges**" means the beneficiaries of the Receiver's Charge and the Receiver's Borrowings Charge;
  - (b) "**List Price**" means the published listing price for a Unit as determined by the Receiver in consultation with the listing agent and agreed to by the Lender;
  - (c) "**Net Proceeds**" means the proceeds from the sale of a Unit, less amounts required to pay all reasonable and ordinary closing costs, including without limitation goods and services and other applicable sales taxes, property taxes, commissions, applicable condominium fees and legal fees and disbursements;
  - (d) "**Permitted Encumbrances**" means the encumbrances listed in **Schedule "D"** hereto and, for greater certainty, are also identified as "Permitted Encumbrances" in the Receiver's Certificate in respect of a sale of a particular Unit;
  - (e) "**Purchase and Sale Agreement**" means the agreement in writing respecting the sale of a Unit or multiple Units from the Debtor to a Purchaser substantially in the form attached to the Second Report as •;
  - (f) "**Purchase Price**" means the total purchase price set out in a Purchase and Sale Agreement;

- (g) "**Purchaser**" means the individual(s), corporation, or their nominee designated in the Receiver's Certificate in respect of a sale of a particular Unit as the purchaser of that Unit;
- (h) "**Receiver's Certificate**" means a certificate issued by the Receiver in substantially the form attached to this Order as **Schedule "A"**;
- (i) "**Transaction**" means the individual transaction contemplated by a Purchase and Sale Agreement; and
- (j) "**Unit**" means each of the individual 27 residential condominium units legally described in **Schedule "B"** hereto (each such Unit, including any personal property held in connection with such Unit, together with the shares of common elements in the relevant condominium parcel that are related to such Unit, and, where applicable, the exclusive rights to the use of parking spaces in connection with such Unit).

#### **SALE APPROVAL**

3. The sale and vesting of title of each Unit as described from time to time in a Receiver's Certificate be and is hereby approved and the Receiver is hereby authorized and directed to execute all deeds, documents, and agreements, and do all things reasonably necessary to complete the sale of each Unit.
4. The sale of a Unit shall not be agreed to by the Receiver unless:
  - (a) the Purchase Price for that Unit is not less than the List Price relating to that Unit; or
  - (b) the Receiver, Connect First Credit Union (the "**Lender**"), and any other parties with a security interest in that Unit, all agree to a lower price.

#### **VESTING OF PROPERTY**

5. Upon filing of a Receiver's Certificate in respect of a Unit, the sale and vesting of such Unit shall continue in accordance with the terms and conditions of the governing Purchase and Sale Agreement and this Order, subject only to the Permitted Encumbrances set forth in the Receiver's Certificate, and:
  - (a) all of the Debtor's right, title and interest in and to the Unit shall vest absolutely in the name of the Purchaser, free and clear of and from any and all caveats, security interests, hypothecs, pledges, mortgages, liens, trusts or deemed trusts, reservations of ownership, royalties, options, rights of pre-emption, privileges, interests, assignments, actions, judgements, executions, levies, taxes, writs of enforcement, charges, or other claims, whether contractual, statutory, financial, monetary or otherwise, whether or not they have attached or been perfected, registered or filed and whether

secured, unsecured or otherwise (collectively, "**Claims**") including, without limiting the generality of the foregoing:

- (i) any encumbrances or charges created by the Receivership Order;
- (ii) any charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Alberta) or any other personal property registry system;
- (iii) any liens or claims of lien under the *Builders' Lien Act* (Alberta); and
- (iv) those Claims listed in **Schedule "C"** hereto (all of which are collectively referred to as the "**Encumbrances**", which term shall not include the Permitted Encumbrances),

and for greater certainty, this Court orders that all Claims including Encumbrances other than Permitted Encumbrances, affecting or relating to the Unit are hereby expunged, discharged and terminated as against a Unit;

- (b) the Debtor and all persons who claim by, through or under the Debtor shall stand absolutely barred and foreclosed from all estate, right, title interest, royalty, rental, and equity of redemption of the Unit and, to the extent that any such person remains in possession or control of the Unit, they shall forthwith deliver possession of the same to the Purchaser or its nominee;
- (c) the Purchaser shall be entitled to enter into and upon, hold and enjoy the Unit for its own use and benefit without any interference of or by the Debtor, or any person claiming by, through or against the Debtor or the Unit;
- (d) all encumbrances, except Permitted Encumbrances, listed in the Receiver's Certificate in respect of that Unit shall be discharged;
- (e) all governmental authorities including those referred to below in this paragraph (collectively, "**Governmental Authorities**") are hereby authorized, requested and directed to accept delivery of such Receiver's Certificate and copy of this Order as though they were originals and to register such transfers, interest authorizations, discharges and discharge statements of conveyance as may be required to convey to the Purchaser or its nominee clear title to the Unit subject only to Permitted Encumbrances. Without limiting the foregoing:
  - (i) the Registrar of Land Titles ("**Land Titles Registrar**") for the lands described in a Receiver's Certificate shall and is hereby authorized, requested and directed to forthwith:
    - (A) cancel the existing Certificate of Title for the Unit;

- (B) issue a new Certificate of Title for the Unit in the name of the Purchaser (the "**New Certificate of Title**");
  - (C) transfer any Permitted Encumbrances to the New Certificate of Title, and to issue and register against the New Certificate of Title with such new caveats, utility rights of ways, easements or other instruments as are listed as Permitted Encumbrances; and
  - (D) discharge and expunge the Encumbrances listed in **Schedule "C"** to this Order and discharge and expunge any Claims including Encumbrances (but excluding Permitted Encumbrances) which may be registered after the date of the Purchase and Sale Agreement against the existing Certificate of Title to the Unit.
6. In order to effect the transfers and discharges described above, this Court directs each of the Governmental Authorities to take such steps as are necessary to give effect to the terms of this Order and the Purchase and Sale Agreement. Presentment of this Order and the Receiver's Certificate shall be the sole and sufficient authority for the Governmental Authorities to make and register transfers of title or interest and cancel and discharge registrations against the Unit of any Claims including Encumbrances but excluding Permitted Encumbrances.
7. No authorization, approval or other action by and no notice to or filing with any Governmental Authority or regulatory body exercising jurisdiction over the Unit is required for the due execution, delivery and performance by the Receiver of the Purchase and Sale Agreement.
8. Upon delivery of the Receiver's Certificate together with a certified copy of this Order, this Order shall be immediately registered by the Land Titles Registrar notwithstanding the requirements of section 191(1) of the *Land Titles Act*, RSA 2000, c.L-7 and notwithstanding that the appeal period in respect of this Order has not elapsed. The Land Titles Registrar is hereby directed to accept all Affidavits of Corporate Signing Authority submitted by the Receiver in its capacity as Receiver of the Debtor and not in its personal capacity.
9. The Net Proceeds from the sale of a Unit shall be used by the Receiver:
- (a) to pay Claims ranking in priority to the Receiver's Borrowing Charge, if any;
  - (b) for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by the Amended and Restated Receivership Order and such other Orders as have been made by this Honorable Court from time to time in the within proceedings;

- (c) for the purpose of repaying to the Lender amounts borrowed from the Lender, and all other obligations of the Receiver subject to the Receiver's Borrowing Charge (as defined in the Amended and Restated Receivership Order and as may be further amended from time to time); and
  - (d) thereafter, for the purposes of determining the nature and priority of Claims and Encumbrances, the remaining Net Proceeds shall stand in the place and stead of the Unit, and that from and after the delivery of the Receiver's Certificate, all Claims and Encumbrances shall attach to such remaining Net Proceeds with the same validity, priority and in the same amounts and subject to the same defences they had with respect to the Unit immediately prior to the sale, as if the Unit had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.
10. A Purchaser shall not, by completion of a Transaction, have liability of any kind whatsoever in respect of any Claims against the Debtor.
11. Upon completion of a Transaction, the Debtor and all persons who claim by, through or under the Debtor in respect of a Unit, and all persons or entities having any Claims of any kind whatsoever in respect of a Unit, save and except for persons entitled to the benefit of the Permitted Encumbrances, shall stand absolutely and forever barred, estopped and foreclosed from and permanently enjoined from pursuing, asserting or claiming any and all right, title, estate, interest, royalty, rental, equity of redemption or other Claim whatsoever in respect of or to the Unit, and to the extent that any such persons or entities remain in the possession or control of the Unit, or any artifacts, certificates, instruments or other indicia of title representing or evidencing any right, title, estate, or interest in and to the Unit, they shall forthwith deliver possession thereof to the Purchaser.
12. The Purchaser shall be entitled to enter into and upon, hold and enjoy the Unit for its own use and benefit without any interference of or by the Debtor, or any person claiming by, through or against the Debtor.
13. Immediately upon closing of the Transaction, holders of Permitted Encumbrances shall have no claim whatsoever against the Receiver.
14. The Receiver is directed to file with the Court a copy of each Receiver's Certificate forthwith after delivery thereof to the Purchaser.

#### **MISCELLANEOUS MATTERS**

15. Notwithstanding:
- (a) the pendency of these proceedings and any declaration of insolvency made herein;



- (b) the pendency of any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, as amended (the "**BIA**"), in respect of the Debtor, and any bankruptcy order issued pursuant to any such applications;
- (c) any assignment in bankruptcy made in respect of the Debtor; and
- (d) the provisions of any federal or provincial statute:

the vesting of a Unit in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a transfer at undervalue, settlement, fraudulent preference, assignment, fraudulent conveyance, or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

- 16. The Receiver, a Purchaser and any other interested party, shall be at liberty to apply for further advice, assistance and direction as may be necessary in order to give full force and effect to the terms of this Order and to assist and aid the parties in closing a Transaction.
- 17. This Honourable Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any of its provinces or territories or in any foreign jurisdiction, to act in aid of and to be complimentary to this Court in carrying out the terms of this Order, to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such order and to provide such assistance to the Receiver, as an officer of the Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.
- 18. Service of this Order shall be deemed good and sufficient by:
  - (a) Serving the same on:
    - (i) the persons listed on the service list created in these proceedings;
    - (ii) any other person served with notice of the application for this Order;
    - (iii) any other parties attending or represented at the application for this Order;
    - (iv) the Purchaser or the Purchaser's solicitors; and
  - (b) Posting a copy of this Order on the Receiver's website at: <https://www.alvarezandmarsal.com/LREIT34>,

and service on any other person is hereby dispensed with.

19. Service of this Order may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following transmission or delivery of this Order.

---

Justice of the Court of Queen's Bench of Alberta

**Schedule "A"**

**Form of Receiver's Certificate**

COURT FILE NUMBER	1701-07646
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
PLAINTIFF (APPLICANT)	<b>CONNECT FIRST CREDIT UNION LTD.</b>
DEFENDANT (RESPONDENT)	<b>LREIT HOLDINGS 34 CORPORATION, LANESBOROUGH REAL ESTATE INVESTMENT TRUST, CHARLES K. LOEWEN, trustee of LANESBOROUGH REAL ESTATE INVESTMENT TRUST, ARNI C. THORSTEINSON, trustee of LANESBOROUGH REAL ESTATE INVESTMENT TRUST and EARL S. COLEMAN, trustee of LANESBOROUGH REAL ESTATE INVESTMENT TRUST</b>
DOCUMENT	<b>RECEIVER'S CERTIFICATE</b>
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	BURNET, DUCKWORTH & PALMER LLP Suite 2400, 525-8th Ave SW Calgary, Alberta T2P 1G1 Attention: David LeGeyt Phone: (403)260 0210 Fax: (403) 260 0332 Email: dlegeyt@bdplaw.com  File: 64793-2

Clerk's Stamp

**RECITALS**

- A. Pursuant to an Order of the Honourable Justice K.M. Eidsvik of the Court of Queen's Bench of Alberta, Judicial District of Calgary (the "**Court**") dated February 28, 2019, as amended by an Amended and Restated Receivership Order dated April 17, 2019 of the Honourable Justice G.A. Campbell, Alvarez & Marsal Canada Inc. ("**A&M**") was appointed as the receiver (the "**Receiver**") of :
- i. the undertakings, property and assets of LREIT Holdings 34 Corporation (the "**Debtor**");

- ii. all of the right, title, and interest of the Debtor and of Lanesborough Real Estate Investment Trust ("**Lanesborough**") in the Lands municipally described as 230 Wilson Drive, Fort McMurray, Alberta (the "**Development**"); and
  - iii. all of the right, title, and interest of the Debtor and of Lanesborough in all chattels located at the Development.
- B. Pursuant to an Order of the Court dated [**Date**], the Court approved the ability of the Receiver to enter into agreements of purchase and sale (each, a "**Purchase and Sale Agreement**") made between the Receiver and prospective purchasers for particular units in the Development described in Schedule "B" to the Order (each "**a Unit**") and provided for the vesting in such purchasers of the Debtor's right, title and interest in and to a Unit, which vesting is to be effective with respect to a Unit upon the delivery by the Receiver to the purchaser of a certificate confirming (i) the payment by the purchaser of the Purchase Price for the Unit; (ii) that the conditions to Closing as set out in section [●] of the Purchase and Sale Agreement have been satisfied or waived by the Receiver and the purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver (the "**Approval and Vesting Order**").
- C. Unless otherwise indicated herein, capitalized terms have the meanings set out in the Purchase and Sale Agreement.

**THE RECEIVER CERTIFIES** the following:

1. The Receiver has entered into a Purchase and Sale Agreement with [*name of Purchaser*] (the "**Purchaser[s]**") in respect of the lands legally described as follows:

*[insert legal description of Unit and Certificate of Title No.(s)]*

(the "**Unit**")

2. I have reviewed the circumstances surrounding, and hereby approve, the sale of the Unit to the Purchaser[s] as [*tenancy being acquired*], subject only to the following encumbrances remaining on title to the Unit:

*[permitted encumbrances]*

(the "**Permitted Encumbrances**")

3. The Purchaser[s] [has/have] paid and the Receiver has received the Purchase Price for the Unit payable on the Closing Date pursuant to the Purchase and Sale Agreement;

4. Pursuant to paragraph 4 of the Approval and Vesting Order, the Receiver has obtained, if necessary, the agreement of Connect First Credit Union and all other parties with a security interest in the Unit.
5. The conditions to Closing as set out in section • of the Purchase and Sale Agreement have been satisfied or waived by the Receiver and the Purchaser[s];
6. The Transaction has been completed to the satisfaction of the Receiver; and
7. This Certificate was delivered by the Receiver at [Time] on [Date].

**ALVAREZ & MARSAL CANADA INC., in its capacity as Receiver of the undertakings, property and assets of LREIT HOLDINGS 34 CORPORATION, and not in its personal capacity**

Per: \_\_\_\_\_  
•

**Schedule "B"**

**Legal Description of Units**

<b>Unit Number</b>	<b>Legal Description</b>
<b>1</b>	CONDOMINIUM PLAN 1820957 UNIT 1 AND 142 UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE COMMON PROPERTY EXCEPTING THEREOUT ALL MINES AND MINERALS
<b>2</b>	CONDOMINIUM PLAN 1820957 UNIT 2 AND 161 UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE COMMON PROPERTY EXCEPTING THEREOUT ALL MINES AND MINERALS
<b>3</b>	CONDOMINIUM PLAN 1820957 UNIT 3 AND 159 UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE COMMON PROPERTY EXCEPTING THEREOUT ALL MINES AND MINERALS
<b>4</b>	CONDOMINIUM PLAN 1820957 UNIT 4 AND 155 UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE COMMON PROPERTY EXCEPTING THEREOUT ALL MINES AND MINERALS
<b>5</b>	CONDOMINIUM PLAN 1820957 UNIT 5 AND 142 UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE COMMON PROPERTY EXCEPTING THEREOUT ALL MINES AND MINERALS
<b>6</b>	CONDOMINIUM PLAN 1820957 UNIT 6 AND 160 UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE COMMON PROPERTY EXCEPTING THEREOUT ALL MINES AND MINERALS
<b>7</b>	CONDOMINIUM PLAN 1820957 UNIT 7 AND 160 UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE COMMON PROPERTY EXCEPTING THEREOUT ALL MINES AND MINERALS
<b>8</b>	CONDOMINIUM PLAN 1820957 UNIT 8 AND 155 UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE COMMON PROPERTY EXCEPTING THEREOUT ALL MINES AND MINERALS
<b>9</b>	CONDOMINIUM PLAN 1820957 UNIT 9 AND 160 UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE COMMON PROPERTY EXCEPTING THEREOUT ALL MINES AND MINERALS
<b>10</b>	CONDOMINIUM PLAN 1820957 UNIT 10 AND 136 UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE COMMON PROPERTY EXCEPTING THEREOUT ALL MINES AND MINERALS
<b>11</b>	CONDOMINIUM PLAN 1820957 UNIT 11 AND 155 UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE COMMON PROPERTY EXCEPTING THEREOUT ALL MINES AND MINERALS
<b>12</b>	CONDOMINIUM PLAN 1820957 UNIT 12 AND 161 UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE COMMON PROPERTY EXCEPTING THEREOUT ALL MINES AND MINERALS
<b>13</b>	CONDOMINIUM PLAN 1820957 UNIT 13 AND 136 UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE COMMON PROPERTY EXCEPTING THEREOUT ALL MINES AND MINERALS
<b>14</b>	CONDOMINIUM PLAN 1820957 UNIT 14 AND 155 UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE COMMON PROPERTY EXCEPTING THEREOUT ALL MINES AND MINERALS
<b>15</b>	CONDOMINIUM PLAN 1820957 UNIT 15 AND 160 UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE COMMON PROPERTY EXCEPTING THEREOUT ALL MINES AND MINERALS

<b>16</b>	CONDOMINIUM PLAN 1820957 UNIT 16 AND 137 UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE COMMON PROPERTY EXCEPTING THEREOUT ALL MINES AND MINERALS
<b>17</b>	CONDOMINIUM PLAN 1820957 UNIT 17 AND 142 UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE COMMON PROPERTY EXCEPTING THEREOUT ALL MINES AND MINERALS
<b>18</b>	CONDOMINIUM PLAN 1820957 UNIT 18 AND 161 UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE COMMON PROPERTY EXCEPTING THEREOUT ALL MINES AND MINERALS
<b>21</b>	CONDOMINIUM PLAN 1820957 UNIT 21 AND 142 UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE COMMON PROPERTY EXCEPTING THEREOUT ALL MINES AND MINERALS
<b>22</b>	CONDOMINIUM PLAN 1820957 UNIT 22 AND 160 UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE COMMON PROPERTY EXCEPTING THEREOUT ALL MINES AND MINERALS
<b>23</b>	CONDOMINIUM PLAN 1820957 UNIT 23 AND 159 UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE COMMON PROPERTY EXCEPTING THEREOUT ALL MINES AND MINERALS
<b>24</b>	CONDOMINIUM PLAN 1820957 UNIT 24 AND 154 UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE COMMON PROPERTY EXCEPTING THEREOUT ALL MINES AND MINERALS
<b>26</b>	CONDOMINIUM PLAN 1820957 UNIT 26 AND 161 UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE COMMON PROPERTY EXCEPTING THEREOUT ALL MINES AND MINERALS
<b>29</b>	CONDOMINIUM PLAN 1820957 UNIT 29 AND 142 UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE COMMON PROPERTY EXCEPTING THEREOUT ALL MINES AND MINERALS
<b>30</b>	CONDOMINIUM PLAN 1820957 UNIT 30 AND 162 UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE COMMON PROPERTY EXCEPTING THEREOUT ALL MINES AND MINERALS
<b>31</b>	CONDOMINIUM PLAN 1820957 UNIT 31 AND 159 UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE COMMON PROPERTY EXCEPTING THEREOUT ALL MINES AND MINERALS
<b>32</b>	CONDOMINIUM PLAN 1820957 UNIT 32 AND 154 UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE COMMON PROPERTY EXCEPTING THEREOUT ALL MINES AND MINERALS

## Schedule "C"

### Encumbrances

Registration Number	Date	Particulars
072 200 209	10/04/2007	<u>Mortgage</u> In favour of Connect First Credit Union Ltd. – Original Principal Amount: \$27,300,000.
072 569 568	20/09/2007	<u>Amending Agreement</u> Amends instrument 072 200 209 by way of Mortgage Amending Agreement to the amount \$31,300,000.
072 569 569	20/09/2007	<u>Assignment of Rents And Leases</u> Caveator: First Calgary Savings & Credit Union Ltd. Agent – Lawrence D. Leon
162 081 358	22/03/2016	<u>Amending Agreement</u> Amends instrument 072 200 209 by way of Mortgage Amending Agreement, which sets out that the interest rate payable is amended to the Lender's Prime Rate plus 4.00%, effective March 9, 2016.
172 193 748	27/07/2017	<u>Writ</u> Creditor: Connect First Credit Union Ltd. Debtor: Lanesborough Real Estate Investment Trust Amount: \$25,131,512 & costs, if any Action Number: 1701-07646



**Schedule "D"**

**Permitted Encumbrances**

<b>Registration Number</b>	<b>Date</b>	<b>Particulars</b>
<b>992 272 414</b>	<b>13/09/1999</b>	<u>Caveat RE Restrictive Covenant</u> Caveat as to as to an easement in favour of 823334 Alberta Ltd. which prohibits construction, development of any building or effect any work or development otherwise on the Servient Lands, which are certain lots in Plan 992 4757.
<b>032 054 826</b>	<b>11/02/2003</b>	<u>Caveat RE Restrictive Covenant</u> Caveat as to an easement in favour of 823334 Alberta Ltd., which prohibits construction, development of any building or effect any work or development otherwise on the Servient Lands, which are certain lots in Plan 022 6046.
<b>042 469 615</b>	<b>27/10/2004</b>	<u>Utility Right of Way</u> Grantee: Regional Municipality of Wood Buffalo– Pursuant to the terms of this Instrument, 823334 Alberta Ltd., the owner of the lands 823334 Alberta Ltd., grants to the Grantee– the right-of-way to enter upon and use portions of the lands as shown on Plan 0425944 as to Area "A" for the laying down, replacing, repairing, maintaining, construction, inspection, operation and removal of gas pipelines, electrical distribution systems, sanitary and storm sewer lines. telephone distribution systems, and any other utility lines and systems whatsoever together with the appurtenances incidental thereto. The grantor shall not, without the prior written consent of the Grantee, excavate, drill, install, erect or permit to be excavated, drilled, installed or erected over, under or through the said right-of-way any pit foundation, pavement building or other structure or installation, that may interfere with or detract from the exercise of Grantee's the right-of-way.
<b>052 533 362</b>	<b>01/12/2005</b>	<u>Utility Right of Way</u> Caveator: Atco Gas and Pipelines Ltd.– Pursuant to the terms of this Instrument, Qualico Developments West Ltd., the owner of the lands grants to the Caveator and its affiliates the right-of-way to enter upon and use portions of the lands as shown on Plan 0425943 for the purpose of surveying, constructing, operating and maintaining a gas pipeline(s) together with appurtenances incidental thereto. The grantor shall not interfere with or detract from the exercise of Grantee's the right-of-way.

## **APPENDIX D – Executed Colliers Listing Agreement**

## EXCLUSIVE LISTING AGREEMENT

**THIS AGREEMENT** made as of the 10<sup>th</sup> day of September, 2019.

### **BETWEEN:**

**COLLIERS INTERNATIONAL c/o CMN CALGARY INC.**, a body corporate incorporated pursuant to the laws of the Province of Alberta and having an office in Calgary, Alberta (the "**Listing Agent**")

-and-

**ALVAREZ & MARSAL CANADA INC.**, in its capacity as the receiver and manager of **LREIT Holdings 34 Corporation**, and not in its personal or corporate capacity (the "**Receiver**")

**WHEREAS** pursuant to an order of the Honourable Madam Justice K. Horner of the Alberta Court of Queen's Bench dated February 28, 2019, as amended by an amended and restated consent receivership order by the Honourable Madam Justice Campbell dated April 17, 2019 (the "**Receivership Order**") the Receiver was appointed receiver and manager of LREIT Holdings 34 Corporation ("**LREIT**");

**AND WHEREAS** LREIT holds legal title to condominium units 33 to 107 of 230 Wilson Drive, Fort McMurray, Alberta, comprising the apartment building on the lands legally described as Lot 1, Block 11, Plan 0425943 (the "**Property**");

**AND WHEREAS** the Receiver desires to market the Property for sale in accordance with the Receivership Order;

**NOW THEREFORE** the Listing Agent and the Receiver agree as follows:

1. In consideration of the Listing Agent agreeing to use its best efforts to market the Property, the Receiver authorizes and empowers the Listing Agent to market the Property on the terms and conditions as hereinafter set forth or on such terms and conditions as may be mutually agreed upon between the Receiver and the Listing Agent or as may be agreed upon between the Receiver and any purchaser.
2. This is an Exclusive listing Agreement (the "**Agreement**") and should a sale be made of all or any portion of the Property by whomsoever during the Term (as defined below) or as a result of negotiations originating during the Term or of the Listing Agent introducing a purchaser to the Property during the Term, the Commission (as defined below) shall be payable to the Listing Agent in accordance with clause 3 below. The Commission shall be due and payable to the Listing Agent notwithstanding that the sale may close following the expiry of the Term. The Listing Agent is hereby authorized to deduct such Commission when due from any deposit held, with the remaining balance paid forthwith.
3. The Commission paid by the Receiver to the Listing Agent in full, upon the completion of the transaction outlined in an offer to purchase or purchase and sale agreement shall be as follows:
  - a. Fee of **3.0%** of the Sale Value (where "**Sale Value**" consists of gross proceeds received from the sale of the Property), plus GST and any other applicable taxes (the "**Commission**").

4. The Listing Agent shall have a ninety (90) day exclusive period to use its best efforts to sell the Property from September 16, 2019 (the "**Commencement Date**"). This Agreement shall expire on January 31, 2020 (the "**Expiration Date**"). The term of this Agreement shall be the period from the Commencement Date to the Expiration Date (the "**Term**").
5. Notwithstanding clause 4, the Receiver further agrees to pay the Listing Agent the Commission if, within forty five (45) days of the Expiration Date, with or without the involvement of the Listing Agent: a) the Property is sold to any person or entity to whom the Listing Agent has submitted the Property prior to the Expiration Date in an effort to effect the sale of the Property; or b) negotiations commence prior to the Expiration Date with any person or entity to whom the Listing Agent has submitted the Property in an effort to effect the sale of the Property, and such negotiations continue beyond the Expiration Date leading to the sale of the Property. The Listing Agent agrees to submit a list of such persons or entities to the Receiver no later than the expiration of the Term.
6. In the event that a purchaser's deposit paid pursuant to an accepted purchase agreement is forfeited to the Receiver, the Receiver hereby agrees that, as additional consideration for the Listing Agent's efforts to facilitate the transaction for the Receiver, the Receiver shall pay the Listing Agent an amount equal to fifty percent (50%) of the deposit forfeited by the purchaser, up to a maximum of twenty five percent (25%) of the fee that would have been payable to the Listing Agent if the transaction had closed.
7. The Listing Agent agrees to co-operate with other agents on a Commission fee-sharing basis to assist the sales effort. Prior to any information being released to another agent, such agent shall register its prospect with the Listing Agent. The Listing Agent shall, upon its satisfactory approval of the registered prospect, provide information to such agent.
8. During the Term of this Agreement, the Receiver agrees that it shall use reasonable efforts to ensure that all calls or inquiries from whomsoever regarding the sale of the Property shall be immediately referred to the Listing Agent.
9. During the Term of this Agreement the Listing Agent will provide the Receiver with information concerning the progress achieved thereon on a regular basis, with no later than bi-weekly brief updates and monthly comprehensive updates.
10. This Agreement or any interest herein shall not be assigned, conveyed or transferred by the Listing Agent without prior written consent of the Receiver.
11. This Agreement constitutes the entire agreement between the Receiver and the Listing Agent and supersedes all prior discussions, negotiations and agreements, whether oral or written. No amendment, alteration or withdrawal of this Agreement shall be valid and binding unless made in writing and signed by the Receiver and the Listing Agent. This Agreement shall be binding upon the heirs, successors, assignees and assigns of the parties.
12. The Listing Agent hereby appoints Eric Horvath and Matt Gregory to act as the designated agents of the Listing Agent authorized to deal with the Receiver for all matters relating to this Agreement.
13. All marketing expenses related to this assignment shall be to the account of the Listing Agent.


14. This Agreement shall be governed by the laws of the Province of Alberta. The Receiver and the Listing Agent agree that any dispute concerning the interpretation, application and enforcement of this Agreement shall be adjudicated by the courts of the Province of Alberta.
15. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same agreement. Transmission by facsimile or other electronic means of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.


*The remainder of this page intentionally left blank.*

**IN WITNESS WHEREOF** this Agreement has been properly executed by the Parties as of the date first above written.

**COLLIERS INTERNATIONAL** c/o **CMN CALGARY INC.**

**ALVAREZ & MARSAL CANADA INC.**, in its capacity as the receiver and manager of **LREIT HOLDINGS 34 CORPORATION**, and not in its personal corporate capacity

Per:   
Name: Robert Walker  
Title: Sr. VP / Partner / Broker

  
Per: \_\_\_\_\_  
Name: Orest Konowalchuk, CPA, CA, CIRP, LIT  
Title: Senior Vice President

## **APPENDIX E – Receiver’s Fees and Disbursements**

**LREIT Holdings 34 Corporation**  
 Summary of Receiver's Fees and Disbursements ("2019 Billings")  
 February 28, 2019 to September 30, 2019

**Appendix E**

**Invoices subject to Court Approval**

<b>Inv. No.</b>	<b>Period</b>	<b>Fees</b>	<b>Disbursements</b>	<b>Total Fees &amp; Disbursements</b>	<b>GST</b>	<b>Total</b>
LREIT - 1	February 28, 2019 to March 31, 2019	161,782.50	919.54	162,702.04	8,135.10	170,837.14
LREIT - 2	April 1, 2019 to June 30, 2019	126,140.00	8,498.17	134,638.17	6,731.91	141,370.08
LREIT - 3	July 1, 2019 to August 31, 2019	51,300.00	138.62	51,438.62	2,571.93	54,010.55
LREIT - 4	September 1, 2019 to September 30, 2019	22,562.50	0.00	22,562.50	1,128.13	23,690.63
<b>TOTAL INVOICES SUBJECT TO COURT APPROVAL</b>		<b>\$ 361,785.00</b>	<b>\$ 9,556.33</b>	<b>\$ 371,341.33</b>	<b>\$ 18,567.07</b>	<b>\$ 389,908.40</b>



## **APPENDIX F – Receiver’s Counsel’s Fees and Disbursements**

**LREIT Holdings 34 Corporation**

Appendix F

Summary of the Receiver's counsel (BDP) Fees and Disbursements ("2019 Billings")  
February 28, 2019 to September 30, 2019**Invoices subject to Court Approval**

<b>Inv. No.</b>	<b>Period</b>	<b>Fees</b>	<b>Disbursements</b>	<b>Total Fees &amp; Disbursements</b>	<b>GST</b>	<b>Total</b>
203442724	February 28, 2019 to June 30, 2019	122,848.30	4,887.92	127,736.22	6,386.81	134,123.03
203443523	July 1, 2019 to July 31, 2019	6,892.75	0.00	6,892.75	344.64	7,237.39
203445213	August 1, 2019 to September 30, 2019	25,727.00	267.75	25,994.75	1,299.74	27,294.49
<b>TOTAL INVOICES SUBJECT TO COURT APPROVAL</b>		<b>\$ 155,468.05</b>	<b>\$ 5,155.67</b>	<b>\$ 160,623.72</b>	<b>\$ 8,031.19</b>	<b>\$ 168,654.91</b>

**APPENDIX G – Form of Offer to Purchase and Agreement of  
Purchase and Sale**

**OFFER TO PURCHASE  
AND AGREEMENT OF PURCHASE AND SALE**

**Between**

**ALVAREZ & MARSAL CANADA INC.**, in its capacity as the Court-Appointed Receiver  
of **LREIT HOLDINGS 34 CORPORATION** and not in its personal or corporate capacity  
(the "**Vendor**")

-and-

•,  
(the "**Purchaser**")

THE PURCHASER MAY, WITHOUT INCURRING ANY LIABILITY FOR DOING SO, RESCIND THIS AGREEMENT WITHIN 10 DAYS OF THE LATER OF THE DATE OF EXECUTION OF THIS AGREEMENT, OR THE DATE THE PURCHASER RECEIVES ALL OF THE INFORMATION AND DOCUMENTS REQUIRED TO BE DELIVERED TO THE PURCHASER UNDER SECTION 12 OF THE ACT. IF THERE IS A CONFLICT BETWEEN THIS AGREEMENT AND THE ACT, THE ACT PREVAILS.

**ARTICLE 1  
OFFER AND ACCEPTANCE**

1.1 Offer

PURCHASER hereby OFFERS TO PURCHASE (the "**Offer**") from VENDOR all of the legal and beneficial right, title and interest of the Vendor in and to the Property (as hereinafter defined), subject only to the Permitted Encumbrances (as hereinafter defined) for the Purchase Price (as hereinafter defined).

1.2 Acceptance

This Offer is open for acceptance by the Vendor by its signing the acceptance provided in this Offer and delivering a copy of this Offer with executed acceptance to the Purchaser no later than 4:00 pm (Calgary time) on the • day of •, 2019. ACCEPTANCE OF THIS OFFER BY THE VENDOR SHALL CONSTITUTE AN AGREEMENT OF PURCHASE AND SALE BETWEEN THE PARTIES SUBJECT TO THE TERMS AND CONDITIONS HEREIN CONTAINED.

**ARTICLE 2  
DEFINITIONS**

2.1 For the purpose of this Agreement the following terms shall have the respective meanings hereinafter specified:

"**Acceptance Date**" means the date that the Vendor accepts the Offer;

"**Act**" means the *Condominium Property Act* (Alberta) RSA 2000, c-22 and any accompanying regulations as amended from time to time;

"**Agreement**" means this Offer to purchase and agreement of purchase and sale and any schedules attached hereto which are referred to in this agreement, together with any amendment or supplement thereto;

"**Approval and Vesting Order**" means the order granted or to be granted by the Court in the Receivership Proceedings which authorizes, approves and confirms this Agreement and the sale of the Property by the Vendor to the Purchaser in accordance with the terms and conditions contained herein, and vests beneficial title to the Property in the Purchaser free and clear of all encumbrances, liens, security interests or claims, other than Permitted Encumbrances;

"**Business Day**" means any day other than a Saturday, Sunday or a statutory holiday in the Province of Alberta;

"**Closing**" means the closing of the Transaction;

"**Closing Date**" means the • Business Day after the Acceptance Date, or such other date as may be agreed to between the Parties in writing or ordered by the Court;

"**Collateral Property**" means all goods, chattels, furniture, appliances and other similar such items owned by the Vendor and situate at or in the Unit;

"**Condominium Corporation**" has the meaning set out in Section 14.1;

"**Condominium Contribution**" means \$•, the monthly amount of condominium contribution fees payable by the Unit to the Condominium Corporation as of the date of execution of this Agreement;

"**Court**" means the Alberta Court of Queen's Bench;

"**Deposit**" means • DOLLARS (\$•), being •% of the Purchase Price;

"**Disclosure Documents**" means the documents set out in Schedule "C" hereto;

"**Dollars**" and "\$" means dollars of the lawful money of Canada;

"**GST**" means the goods and services tax payable pursuant to the *Excise Tax Act* (Canada) or such other similar amended or replacement legislation;

"**LREIT 34**" means LREIT Holdings 34 Corporation;

"**Offer**" has the meaning set out in Section 1.1;

"**Party**" means a party to this Agreement and "**Parties**" means both the Vendor and the Purchaser;

"**Permitted Encumbrances**" means the encumbrances set forth in Schedule "B" attached hereto;

"**Property**" means the Unit and the Collateral Property;

"**Purchase Price**" means the sum of • DOLLARS (\$•), subject to adjustment as provided for herein;

"**Purchaser's Solicitors**" means •;

**"Receiver"** means Alvarez & Marsal Canada Inc. as Court appointed receiver of all the undertakings, property and assets of LREIT 34 and the right, title and interest of Lanesborough Real Estate Investment Trust in the lands municipally described as 230 Wilson Drive, Fort McMurray, Alberta;

**"Receiver's Certificate"** means a certificate to be delivered to the Purchaser by the Vendor at Closing, substantially in the form set out in Schedule "A" to the Approval and Vesting Order;

**"Receivership Proceedings"** means the receivership of LREIT 34 pursuant to an order of the Court dated February 28, 2019, as amended by an amended and restated receivership order dated April 17, 2019;

**"Transaction"** means the purchase and sale of the Property pursuant to the terms of the Agreement;

**"Unit"** means the condominium unit located at 230 Wilson Drive, Fort McMurray, Alberta T9H 0A4 and legally described in Schedule "A" hereto;

**"Unit Factor"** means •, being the unit factor for the Unit determined by [method of determining unit factors];

**"Vendor's Condition"** means the Vendor's condition set out in Section 8.1 hereof; and

**"Vendor's Solicitors"** means Burnet, Duckworth & Palmer LLP, Suite 2400, 525-8th Ave SW Calgary, AB T2P 1G1, Attention: David LeGeyt.

### **ARTICLE 3 AGREEMENT**

3.1 The Vendor shall sell to the Purchaser, and the Purchaser shall purchase from the Vendor, the Property, on the Closing Date at and for the Purchase Price upon and subject to the terms and conditions hereinafter set out.

### **ARTICLE 4 GST**

4.1 The Purchase Price does not include GST or any other sales taxes payable in respect of the sale of the Property. The Purchase Price will be subject, on the Closing Date, to the addition of GST which shall be paid by the Purchaser to the Vendor on the entire Purchase Price in accordance with applicable law. Alternatively, in the event the Purchaser is, and represents and warrants to the Vendor that the Purchaser is, a registrant under the *Excise Tax Act* (Canada), and provides the Vendor with: (a) its GST registration number as issued under Part IX of the *Excise Tax Act* (Canada); and (b) written assurances of the fact that (i) the Purchaser is a registrant as at the Closing Date, (ii) the Purchaser shall self assess and remit the GST directly, and (iii) the Vendor is relieved of all GST liability in this transaction, all to the satisfaction of the Vendor acting reasonably, then the Purchaser will account directly to Canada Revenue Agency for the GST payable on this transaction as required and permitted by applicable law.

**[OR]**

The Parties acknowledge and agree that sale of the Property is exempt from GST under the *Excise Tax Act* (Canada), and as such, no GST is exigible in respect of the transaction. The Parties further agree that, as between the Purchaser and the Vendor, the Purchaser shall be solely liable for and the Purchaser shall indemnify, defend and keep harmless the Vendor from any GST, penalty, interest or other similar

amounts (including any provincial sales taxes) which may be payable by or assessed against the Vendor under the *Excise Tax Act* (Canada) or similar provincial sales tax legislation or any losses suffered, sustained, paid or incurred by the Vendor or any claims made against the Vendor as a result of or in connection with any GST payable in respect of this transaction. The Purchaser shall provide written assurances to the Vendor as at the Closing Date confirming the subject matter of the preceding sentence and the indemnity in favour of the Vendor, all to the satisfaction of the Vendor acting reasonably.

4.2 If, following the Closing Date, it is determined that additional or other sales taxes are payable, then Purchaser shall be responsible for and shall indemnify, defend and save harmless Vendor and its representatives in respect of all such additional or other sales taxes payable in respect of the transaction under this Agreement and any interest and penalties levied or imposed in connection therewith.

## **ARTICLE 5 PURCHASE PRICE**

5.1 The Purchaser agrees to pay the Purchase Price, plus GST in accordance with Article 4, subject to the adjustments provided for in Section 6.1 as follows:

- (a) the Deposit shall be paid by the Purchaser to the Vendor within two (2) Business Days of acceptance of this Offer by the Vendor, which amount shall be held in trust without interest and applied to the Purchase Price or otherwise dealt with as provided for herein; and
- (b) the balance of the Purchase Price shall be paid by the Purchaser to the Vendor by certified cheque, bank draft or guaranteed electronic funds on or before the Closing Date.

5.2 If the Deposit is not paid by the Purchaser in accordance with Subsection 5.1(a), the Vendor shall be entitled to terminate this Agreement by notice to the Purchaser and upon delivery of such notice this Agreement shall terminate.

5.3 If by reason of the default of the Purchaser the Transaction is not completed all or any portion of the Deposit held by the Vendor will become forfeited to the Vendor as liquidated damages and not as a penalty and without prejudice to any other rights or remedies the Vendor may have at law or in equity against the Purchaser for such default.

5.4 If by reason of the default of the Vendor the Transaction is not completed all or any portion of the Deposit held by the Vendor shall be paid to the Purchaser without prejudice to any other rights or remedies the Purchaser may have at law or in equity against the Vendor for such default.

5.5 If Closing occurs, the Deposit shall be applied by the Vendor at Closing as partial satisfaction of the Purchase Price and the payment obligation of the Purchaser hereunder.

## **ARTICLE 6 ADJUSTMENTS**

6.1 The balance of the total Purchase Price as above shall be apportioned and adjusted as of the Closing Date as to all prepaid and accrued expenses which shall include, without limiting the generality of the foregoing, the following:

- (a) any contributions prepaid or owing for administrative expenses (in accordance with Section 39 of the Act);
- (b) condominium fees or contributions and/or the Units' share of any operating and maintenance expenses and expenses for utilities such as gas, electricity, water or other utilities and insurance costs borne by the Vendor as determined by the Units' unit factors;
- (c) municipal taxes, realty taxes, school taxes and local improvement charges, including supplementary assessments, which may be levied by the taxing authority, local improvements, changes and assessments; and
- (d) any other credits and debits with respect to the Property as would customarily be adjusted for in a similar transaction in Alberta,

all of which shall be detailed in a statement of adjustments in a form to be prepared by the Vendor or the Vendor's Solicitors.

#### **ARTICLE 7 DELIVERY OF DOCUMENTS**

7.1 The Purchaser acknowledges that prior to entering into this Agreement, the Vendor has delivered to Purchaser the Disclosure Documents in satisfaction of Section 12(1) of the Act.

#### **ARTICLE 8 CONDITIONS TO CLOSING**

8.1 This Agreement is being made subject to ongoing Receivership Proceedings in the Court and is conditional upon the Transaction meeting the requirements thereof, including the requirements of the Court as set out in the Approval and Vesting Order (the "**Vendor's Condition**"). The Purchaser acknowledges that in the event that the Vendor is unable to satisfy the Vendor's Condition then this Agreement shall terminate and the Deposit will be returned to the Purchaser without interest or deduction and the Parties will have no further obligations hereunder.

8.2 Immediately upon acceptance by the Vendor, this Agreement shall become unconditional subject to the satisfaction of Section 8.1 and:

- (a) the Deposit, once paid in accordance with Section 5.1(a), shall become non-refundable subject to Section 5.4 hereof; and
- (b) The Vendor shall make all commercially reasonable efforts to meet the Vendor's Condition.

#### **ARTICLE 9 REPRESENTATIONS AND WARRANTIES**

9.1 The Purchaser hereby acknowledges that neither the Vendor, nor its agents or representatives, have made any representations or warranties with respect to the Property. Without limiting the generality of the foregoing, the Purchaser agrees and acknowledges that neither the Vendor nor its agents or representatives have made any representations or warranties with respect to:

- (a) the condition of any buildings or improvements located on the Property;



- (b) the existence or condition of any Collateral Property included under this Agreement or otherwise sold with the Property;
- (c) whether the Property complies with any existing land use bylaws or regulations, or municipal development agreements or plans;
- (d) the location of any buildings or other improvements on the Property and whether such location complies with any applicable municipal bylaws or regulations;
- (e) whether or not any buildings or improvements located on the Property encroach onto any neighbouring lands or any easements or rights of way;
- (f) whether or not any buildings or improvements located on neighbouring lands encroach onto the Property;
- (g) the size and dimensions of the Property or any buildings or improvements located thereon;
- (h) whether or not the Property is contaminated with any hazardous substance within the meaning of the *Environmental Protection and Enhancement Act* (Alberta); and
- (i) whether or not any of the buildings or other improvements located on the Property have been insulated with urea formaldehyde insulation or any other hazardous or toxic building material.

The Purchaser shall not call for compliance with, or satisfaction of, any work orders, deficiency notices, orders to comply, or any other Building Code, Fire Code or regulations, whether environmental, or otherwise, and whether imposed by law, equity or any regulatory authority.

9.2 The Purchaser hereby represents and warrants to the Vendor (which representations and warranties, unless otherwise indicated, are true now and will be true from this date to and including the Closing Date) that:

- (a) the Purchaser is a corporation duly incorporated and existing under the laws of the Province of Alberta, or is otherwise a validly registered extra-provincial corporation in the Province of Alberta, and has the power, authority, right and capacity to enter into this Agreement and to carry out the transactions contemplated hereby, all of which has been duly and validly authorized by all requisite corporate actions and proceedings; and
- (b) neither the execution of this Agreement nor its performance by the Purchaser will result in a breach of any term or provision or constitute a default under any indenture, mortgage, deed of trust or any other agreement to which the Purchaser is a party or by which it is bound which breach could materially affect the ability of the Purchaser to perform its obligations hereunder.

9.3 The foregoing representations and warranties set forth in Section 9.2 shall be, and shall be deemed to be, continuing representations and warranties by the Purchaser, and shall survive the completion of the matters contemplated herein for a period of one (1) year from the Closing Date. █

**ARTICLE 10  
AS IS, WHERE IS**

10.1 The Purchaser hereby acknowledges and agrees that it is purchasing the Property on an "as is, where is" basis. The Purchaser acknowledges and confirms that it is relying on its own investigations concerning the Property and it has not relied on advice from the Vendor or any of its agents or representatives with respect to the condition of or title to the Property. The Purchaser acknowledges and agrees that it is familiar with the condition of the Property, including the past and present use of the Property and that the Vendor has provided the Purchaser with a reasonable opportunity to inspect the Property at the sole cost, risk and expense of the Purchaser (insofar as the Vendor could reasonably provide access) and that the Purchaser is not relying upon any representation or warranty of the Vendor as to the condition, environmental or otherwise, of the Property.

10.2 Except for its express rights under this Agreement, the Purchaser hereby waives all rights and remedies (whether now existing or hereinafter arising and including all equitable, common law, tort, contractual and statutory rights and remedies) against the Vendor, its agents and representatives in respect of the Property or this Agreement or any representations or statements made, direct or indirect, express or implied, or information or data furnished to the Purchaser or its representatives, in connection herewith (whether made or furnished orally or by electronic, faxed, written or other means).

**ARTICLE 11  
RISK AND POSSESSION**

11.1 The Property shall be at the risk of the Vendor until the Closing Date and at the risk of the Purchaser from and after the Closing Date. The Purchaser will have vacant possession of the Property on the Closing Date; however the Purchaser acknowledges that it is obligated to file for a new certificate of title and discharge all encumbrances other than the Permitted Encumbrances in accordance with Section 12.5. The Vendor shall deliver to the Purchaser on the Closing Date all keys, combinations, codes and other similar such items and information relating to the Property.

**ARTICLE 12  
CLOSING**

12.1 The Vendor shall provide to the Purchaser or to the Purchaser's Solicitors, as agreed, all closing documents necessary to obtain, pursuant to Section 12.5, a new certificate of title to the Unit subject only to the Permitted Encumbrances and all collateral documents necessary to complete the transaction in accordance with this Agreement, including the following, properly executed and acknowledged, where applicable:

- (a) a certified copy of the Approval and Vesting Order;
- (b) the Receiver's Certificate;
- (c) a statement of adjustments in accordance with Section 6.1, having annexed thereto reasonable details of the calculations used by the Vendor or the Vendor's Solicitors to calculate the credits and debits with respect to the Property, which shall be those credits and debits as would customarily be adjusted for in a similar transaction in Alberta;
- (d) a bill of sale in respect of the Collateral Property, which shall provide that the Collateral Property is being conveyed on an "as is, where is" basis; and

- (e) any other documents, orders, resolutions and certificates necessary or reasonably required and requested in advance of the Closing Date by the Purchaser to establish the validity of all proceedings to effectively transfer the Property by the Vendor to the Purchaser in accordance with the Approval and Vesting Order.

12.2 On the Closing Date the Purchaser shall deliver to the Vendor the following, properly executed and acknowledged:

- (a) a certified cheque, bank draft or guaranteed electronic funds made payable to the Vendor in trust in the amount due to the Vendor on the Closing Date in accordance with the statement of adjustments;
- (b) payment of the GST or a certificate of GST registration and indemnity in lieu thereof;
- (c) all documents listed in Section 12.1 which contemplate execution by the Purchaser; and
- (d) any other documents, orders, resolutions and certificates necessary or reasonably required and requested in advance of the Closing Date by the Vendor to establish the validity of all proceedings to effectively transfer the Property by the Vendor to the Purchaser.

12.3 The documents and other instruments to be delivered to the Purchaser's Solicitors and the Vendor in accordance with this Article may be delivered in trust on such reasonable trust conditions as would customarily be imposed in a similar transaction in Alberta which shall include, without limitation, that the Purchaser shall not make any use of the closing documents unless and until the Purchase Price has been unconditionally released to the Vendor.

12.4 Unless this Agreement expressly provides to the contrary, the Vendor and the Purchaser shall be responsible for each of their respective costs in respect of this transaction. The closing documents with respect to the Property shall be prepared by the Vendor's Solicitors at the Vendor's sole cost and expense.

12.5 The Purchaser acknowledges that in order to obtain a new certificate of title for the Property and to register such discharges as may be required to convey clear title to the Property, the Purchaser is required to file the Receiver's Certificate and a certified copy of the Approval and Vesting Order together with any applicable registration fees to the Registrar of Land Titles of Alberta. The Vendor shall not be responsible for the discharge of any encumbrances that are not the Permitted Encumbrances. The Purchaser is responsible for all such discharges by the process set out in the Approval and Vesting Order.

### **ARTICLE 13 NOTICE**

13.1 Any notice, direction or other instrument required or permitted to be given pursuant this Agreement shall be in writing and shall be sufficiently given if personally delivered, sent by pre-paid ordinary and registered mail, or sent by email to the Parties as follows:

- (a) to the Purchaser:

- 
-

Attention: •  
Email: •

(b) to the Vendor:

Alvarez & Marsal Canada Inc.  
1110, 250 – 6 Avenue SW  
Calgary, AB  
T2P 3H7

Attention: Orest Konowalchuk  
Email: okonowalchuk@alvarezandmarsal.com

With a copy to:

Walsh Real Estate 2010 Ltd.  
o/a RE/MAX Fort McMurray  
9919 Biggs Avenue  
Fort McMurray, AB  
T9H 1S2

Attention: Greg Walsh

or to such other address as any party may from time to time designate, by notice to the other(s).

Any notice personally delivered or sent by email in accordance with this Section shall be deemed to have been given and received on the day it is so delivered or transmitted, provided that if such day is not a Business Day then the notice shall be deemed to have been given and received on the Business Day next following such day. Any notice mailed in accordance with this Section shall be deemed to have been given and received on the fifth Business Day next following the date of its mailing in Alberta.

#### **ARTICLE 14 OBLIGATION OF AN OWNER OF A CONDOMINIUM**

14.1 The Purchaser acknowledges that it is acquainted with the duties and obligations of any owner of a condominium and the Purchaser understands that following Closing it will be a member of the condominium corporation created by the registration of Condominium Plan 1820957 (the "**Condominium Corporation**") and subject therefore to all the benefits and obligations inherent in such membership.

14.2 The Purchaser acknowledges that it is aware of the Unit Factor and the method used for determining unit factors for all units in Condominium Plan 1820957.

14.3 The Purchaser acknowledges that it is aware of the current amount of the Condominium Contribution and its obligation to pay such Condominium Contribution monthly or as determined by the Condominium Corporation from time to time.

14.4 The Purchaser agrees to comply with the terms, conditions and requirements of the Act, the by-laws and the regulations of the Condominium Corporation and any management agreement entered into by the Condominium Corporation.

**ARTICLE 15  
GENERAL**

15.1 The Purchaser acknowledges that the Receiver is acting solely in its capacity as the Court appointed Receiver, and not in its personal or corporate capacity. Under no circumstances shall the Receiver or any of its representatives have any liability pursuant to this Agreement or in relation to the Transaction, in its or their personal or corporate capacity, whether such liability be in contract, tort or otherwise.

15.2 Both before and after the Closing Date, the Parties will execute and do all such further deeds, acts, things and assurances as may be reasonably requisite to carry out the intent of this Agreement.

15.3 Time shall be of the essence of this Agreement.

15.4 Any tender of documents or money hereunder may be made upon the Purchaser's Solicitors or the Vendor's Solicitors, as the case may be, acting for the party on whom tender is desired.

15.5 If the date for making payment or doing any act hereunder shall be a Saturday, Sunday or a statutory holiday in the Province of Alberta, such date shall be extended to the first Business Day following such date.

15.6 The Purchaser may assign its interest in whole or part under this Agreement solely to a corporation, partnership or entity controlled by the Purchaser, provided however that the Purchaser shall remain liable for the Purchaser's covenants and obligations herein until the Closing Date and provided that notice of such assignment is provided to the Vendor forthwith. Such assignee shall then inherit all of the Purchaser's rights and obligations under this agreement.

15.7 This Agreement shall enure to the benefit of and shall be binding upon the Parties and their respective successors and assigns.

15.8 This Agreement shall be read with all changes of gender or number required by the context.

15.9 The headings of this Agreement are for convenience of reference only and are not intended to form part of this Agreement or to affect the meaning of any clause contained herein.

15.10 This Agreement contains the entire terms, conditions, and provisions relating to the matters contemplated herein and there are no other additional or collateral terms, conditions, agreements, representations or warranties, express or implied, relating to the matters contemplated herein except as expressly stated in this Agreement. This Agreement supersedes all prior oral and written agreements and understandings of the Parties, or any one of them in relation to the matters contemplated herein.

15.11 This Agreement shall not be modified, amended, or waived except by an instrument in writing duly executed and delivered by the Parties or by their respective successors and permitted assigns.

15.12 If any provision of this Agreement is determined to be invalid or unenforceable, it shall be severable from the remainder of this Agreement which shall continue to remain in full force and effect.

15.13 This Offer and Agreement shall in all respects be subject to and be interpreted and construed in accordance with the laws of the Province of Alberta and the laws of Canada, as applicable.

15.14 This Agreement may be executed in any number of counterparts with the same effect as if all signatories to the counterparts had signed one document and all such counterparts shall together constitute, and be construed as, one instrument. A signed counterpart provided electronically shall be for all purposes as effective and binding upon the Parties as an originally signed counterpart.

DATED at the \_\_\_\_\_ of \_\_\_\_\_, in the Province of Alberta, this \_\_\_ day of \_\_\_\_\_, 2019.

•

Per: \_\_\_\_\_  
Authorized Signatory

[OR]

\_\_\_\_\_  
Witness

•

**ACCEPTANCE**

The undersigned Vendor hereby accepts the Offer as set out above.

DATED at the City of Calgary, in the Province of Alberta, this \_\_\_ day of \_\_\_\_\_, 2019.

**ALVAREZ & MARSAL CANADA INC.**, in its capacity as Court-Appointed Receiver of **LREIT HOLDINGS 34 CORPORATION** and not in its personal or corporate capacity

Per: \_\_\_\_\_  
Orest Konowalchuk

**SCHEDULE "A"**

**THE UNIT**

TITLE NUMBER [●]

CONDOMINIUM PLAN 1820957

UNIT [●]

AND [●] UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE COMMON PROPERTY  
EXCEPTING THEREOUT ALL MINES AND MINERALS

**SCHEDULE "B"**

**PERMITTED ENCUMBRANCES**

<b>Instrument No.</b>	<b>Date</b>	<b>Description</b>
992 272 414	13/09/1999	<u>Caveat RE Restrictive Covenant</u> Caveat as to as to an easement in favour of 823334 Alberta Ltd. which prohibits construction, development of any building or effect any work or development otherwise on the Servient Lands, which are certain lots in Plan 992 4757.
032 054 826	11/02/2003	<u>Caveat RE Restrictive Covenant</u> Caveat as to an easement in favour of 823334 Alberta Ltd., which prohibits construction, development of any building or effect any work or development otherwise on the Servient Lands, which are certain lots in Plan 022 6046.
042 469 615	27/10/2004	<u>Utility Right of Way</u> Grantee: Regional Municipality of Wood Buffalo– Pursuant to the terms of this Instrument, 823334 Alberta Ltd., the owner of the lands 823334 Alberta Ltd., grants to the Grantee– the right-of-way to enter upon and use portions of the lands as shown on Plan 0425944 as to Area "A" for the laying down, replacing, repairing, maintaining, construction, inspection, operation and removal of gas pipelines, electrical distribution systems, sanitary and storm sewer lines, telephone distribution systems, and any other utility lines and systems whatsoever together with the appurtenances incidental thereto. The grantor shall not, without the prior written consent of the Grantee, excavate, drill, install, erect or permit to be excavated, drilled, installed or erected over, under or through the said right-of-way any pit foundation, pavement building or other structure or installation, that may interfere with or detract from the exercise of Grantee's the right-of-way.
052 533 362	01/12/2005	<u>Utility Right of Way</u> Caveator: Atco Gas and Pipelines Ltd. – Pursuant to the terms of this Instrument, Qualico Developments West Ltd., the owner of the lands grants to the Caveator and its affiliates the right-of-way to enter upon and use portions of the lands as shown on Plan 0425943 for the purpose of surveying, constructing, operating and maintaining a gas pipeline(s) together with appurtenances incidental thereto. The grantor shall not interfere with or detract from the exercise of Grantee's the right-of-way.

And any registrations against Condominium Plan No. 1820957



## **SCHEDULE "C"**

### **DISCLOSURE DOCUMENTS**

1. Agreement of Purchase and Sale
2. Condominium Plan
3. Bylaws of the Condominium Corporation
4. Management Agreement (if any)
5. Recreational Agreement (if any)
6. Lease and Certificate of Title (if applicable)
7. A copy of the mortgage (if applicable)
8. If the Purchaser is to assume the mortgage, all of the following (if applicable):
  - a. maximum principal amount available under the mortgage
  - b. maximum monthly payment that may be paid under the mortgage
  - c. amortization period
  - d. term
  - e. interest rate or formula, if any for determining interest rate
  - f. prepayment privileges, if any
9. Any financial encumbrance registered against real property owned or to be owned by the Corporation (if applicable)
10. Home warranty insurance under the *New Home Buyer Protection Act* under which the corporation is insured (if applicable)
11. Summary of deficiencies identified in the building assessment report
12. Reserve fund report
13. Budget