

Deloitte.



Action No. 1001-03215

IN THE COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL DISTRICT OF CALGARY

BETWEEN:

FIRST CALGARY SAVINGS & CREDIT UNION LTD.

Plaintiff

- and -

**PERERA SHAWNEE LTD., PERERA DEVELOPMENT CORPORATION, DON L.
PERERA AND SHIRANIE M. PERERA**

Defendant

**FIRST REPORT OF THE COURT APPOINTED
RECEIVER OF PERERA SHAWNEE LTD. AND PERERA
DEVELOPMENT CORPORATION**

DELOITTE & TOUCHE INC.

July 30, 2010

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INTRODUCTION

1. On March 3, 2009, Deloitte & Touche Inc. was appointed by the Court of Queen's Bench of Alberta, Judicial District of Calgary (the "Court"), as receiver and manager (the "Receiver"), without security, of all the current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situated, including all proceeds thereof of Perera Shawnee Ltd. ("PSL") and Perera Development Corporation ("PDC", or when reference is being made to PSL and PDC collectively, "Perera").
2. The Receivership Order was the result of an application by First Calgary Savings & Credit Union ("First Calgary") which has registered security in respect of Perera. PSL is a condominium real estate developer which has assets that consist of a three phase condominium real estate project located at 30 Shawnee Hill S.W., Calgary, Alberta (the "Project").

NOTICE TO READER

3. This report constitutes the First Report of the Court Appointed Receiver (the "Report"). The Receiver had previously prepared a report concerning quasi-criminal proceedings against Perera, which was filed with the Court on June 2, 2010.

PURPOSE OF REPORT

4. The purpose of this Report is to:
 - (a) update the Court as to the status of the receivership and the activities of the Receiver since its appointment;

- (b) explain the basis for the Receiver requesting the relief set out in the Notice of Motion dated July 30, 2010.

THE PROJECT

5. The Receiver took possession of the Perera assets on March 3, 2010, and gathered information with respect to the status of the Project in order to make decisions to maximize the value of the Project to the stakeholders.
6. PSL's main asset is the Project. The Project was being built as a three phase development. At the time that the Receivership Order was issued, phase one of the Project ("Phase One"), which has a total of 70 condominium units was 95% complete and 22 of those units had been sold and transferred by PSL to new owners. Phase One construction was to include the construction of a podium (the "Podium") for the purposes of giving access to parking in the Project. At the time the Receivership Order was issued, phase two of the Project ("Phase Two") and phase three of the Project ("Phase Three") were only built to various stages of underground parking levels.
7. All construction on the Project had been halted due to financing issues prior to the issuance of the Receivership Order.

THE RECEIVER'S PLANS FOR THE PROJECT

8. To assist the Receiver in making decisions with respect to the Project, on March 17, 2010 an appraisal was commissioned on the Project's value (the "Appraisal Report"). The Appraisal Report was prepared by Linnell Taylor Lipman & Associates Ltd. ("Linnell Taylor") and delivered to the Receiver on April 16, 2010. The Receiver will be filing the Appraisal Report with the Court as part of a separate confidential Receiver's report.

9. Following the review of the Appraisal Report, the Receiver determined that the best value for the Project would be achieved by:
 - (a) completing construction of Phase One and the Podium; and
 - (b) constructing Phase Two and Phase Three of the Project to grade ground level(the "Receiver's Construction Plans").
10. In connection with the Receiver's Construction Plans, the Receiver prepared a construction budget in consultation with various contractors and with the principals of Perera. The construction budget to complete Phase One (to allow the remaining 48 of 70 units to be fully completed) is approximately \$1.1 million. The construction budget to complete Phase Two and Phase Three of the Project (including the Podium) to grade level is approximately \$2.0 million.
11. Based on the Appraisal Report, the expected increase in value of the Project by completion of the Receiver's Construction Plans will exceed the construction costs as budgeted. Further, in addition to the straight number comparison, there are a number of other factors that favour completing the parking levels to grade, including that doing so will relieve pressure on a large retaining wall and will create a better visual impression for prospective Phase One unit purchasers.
12. The Receiver has now completed much of the remaining work on Phase One and anticipates having the Phase One work totally complete by September 8, 2010.
13. There were numerous issues between PSL and the City of Calgary (the "City") when the Receivership Order was issued (which are detailed herein). It has been necessary for the Receiver to work with the City to resolve these various issues. As a result of these issues,

construction of the underground parkade of Phase Two and Phase Three of the Project was not able to be commenced until July 15, 2010. The Receiver anticipates that Phase Two and Phase Three construction work will be complete in early November, 2010.

CONSTRUCTION AND SAFETY ISSUES

14. When the Receivership Order was issued there were a number of construction issues regarding the Project that needed to be addressed. These issues involved the use of City land during construction, landscaping which the City suggested was infringing on City property, easements access and verification that various existing construction on the Project was built to City standards. The Receiver has been working with the City on an ongoing basis to resolve these issues. As part of doing so, the Receiver has obtained engineering reports regarding a street built by PSL with a view to determining if this street was constructed to City standards. In addition, the City has requested an explanation as to why a rock feature was allegedly built on City land at the top of this street and the Receiver is dealing with this.
15. There were also some safety issues with the Project as a result of pre-receivership work. The safety issues resulted in the following safety orders being issued in respect of the Project:
 - (a) Safety codes officer notice, issued on March 23, 2010;
 - (b) Chief building inspector notice (Plan A) issued March 31, 2010;
 - (c) Chief building inspector notice (Plan B) issued March 31, 2010; and
 - (d) Safety codes order issued May 6, 2010 (the "Fire Access Order").

(collectively, the "Safety Orders").

16. Further, prior to the receivership, in February 2008, a worker was killed in an accident occurring on the Project when certain shorewalls retaining soil/backfill materials collapsed (the "Fatality"). As a result of the Fatality, various quasi-criminal proceedings were commenced against Perera (as more fully explained herein). Pursuant to the Safety Orders, the Receiver has been obtaining monthly engineering reports to monitor the condition, stability and integrity of these shorewalls.
17. In addition, the Receiver has now successfully resolved an issue involving fire truck access to Phase Two and Phase Three of the Project. There is one road that provides access to the Project (the "Access Road"). The Fire Access Order indicated that the Access Road was not compliant with various fire safety regulations. As a result of the Fire Access Order, the Receiver could not re-commence construction work on Phase Two and Phase Three of the Project.
18. The Receiver retained an engineer to address the Fire Access Order and prepare a remediation plan that was acceptable to the City. The Receiver performed the necessary remedial work to address the Fire Access Order concerns. On July 14, 2010, the City advised the Receiver that the issue with the Fire Access Order had been resolved and that construction on Phase Two and Phase Three of the Project could re-commence. Construction did re-commence on July 15, 2010.

LITIGATION PROCEEDINGS

19. As mentioned above, quasi-criminal proceedings were commenced against Perera as a result of the Fatality (the "OHS Proceedings"). On June 4, 2010, the Court issued an

Order that allowed the OHS Proceedings to be continued, but stayed the enforcement of any monetary penalty that may be imposed as a result of the OHS Proceedings.

20. At the time that the Receivership Order was issued, PDC was involved in litigation proceedings in Cranbrook, British Columbia regarding a residential real estate development project in Fernie, British Columbia (the "Cranbrook Proceedings"). The Cranbrook Proceedings (as against PDC) have been stayed pursuant to the Receivership Order.
21. In addition, at the time that the Receivership Order was issued, six Purchasers (as defined herein) had commenced litigation proceedings against PSL seeking to terminate their Purchase Contracts (as defined herein). A seventh Purchaser commenced similar proceedings after the issuance of the Receivership Order.

RECEIVER'S INTERIM STATEMENT OF RECEIPT AND DISBURSEMENTS

22. Attached as Schedule "1" is the Receiver's Interim Statement of Receipts and Disbursements, indicating that, to date, \$1,500,000 has been borrowed.

THE PHASE ONE UNITS

23. As noted above, there are a total of 70 units in Phase One of the Project:
 - (a) 22 of the units had been conveyed by PSL to persons prior to the issuance of the Receivership Order;
 - (b) 37 of the units (the "Purchased Units") are owned by PSL and had been sold to persons (the "Purchasers") pursuant to purchase contracts (the "Purchase Contracts") between PSL and the Purchasers;
 - (c) 1 unit has been sold by the Receiver, and

- (d) 10 units are listed for sale by the Receiver with CondoSource Inc., a local real estate agent which the Receiver has retained to sell the units.

- 24. Before the Receiver could take steps to close any of the Purchase Contracts a number of issues required resolution including raising financing to complete the construction of Phase One, making a decision with respect to completing Phases Two and Three to grade (both of which required the information in the Appraisal Report) and resolving the various issues (previously identified herein) to allow the construction of Phase Two and Phase Three of the Project to be commenced.

- 25. The Receiver is currently working with the Alberta New Home Warranty Program (the "Program") to ensure that warranty coverage is provided to units in Phase One of the Project that are not the subject of Purchase Contracts. The Receiver anticipates that it will apply to Court to approve an agreement with the Program and establish a closing process for these units in the coming weeks.

THE PURCHASE CONTRACTS

- 26. A listing of the Purchasers is attached as Schedule "2" to this Report (the "Purchase Contract Summary").

- 27. The Purchase Contracts are substantially identical. A copy of a Purchase Contract (with name, unit, purchase price and deposit information deleted) is attached as Schedule "3" to this Report.

- 28. On April 6, 2010, the Receiver sent a letter to each Purchaser advising the Purchasers of the issuance of the Receivership Order, the Receiver's plans for the Project and the

Receiver's intention to close on the Purchase Contracts (the "April 6 Letter"). A copy of the April 6 Letter is attached as Schedule "4" to this Report.

29. Following the issuance of the Receivership Order, the Receiver received correspondence from multiple Purchasers indicating that they did not intend to close on the Purchase Contracts. The Receiver attempted to work with the Purchasers, in consultation with the principals of PSL, to facilitate closings of the Purchase Contracts. On July 23, 2010, the Receiver set closing dates for 15 of the Purchase Contracts as identified in the Purchase Contract Summary.
30. The Receiver's position is that all of the Purchasers are obligated to close their Purchase Contracts. In the event that Purchasers fail or refuse to close their Purchase Contracts, the Receiver intends to resell the Purchased Units and pursue the Purchasers for any deficiency which exists between the purchase prices under the Purchase Contracts and the actual sale prices which are achieved.

THE VESTING ORDERS

31. On July 23, 2010, the Receiver sent closing notices and set closing dates for 15 of the 37 Purchasers, as identified in the Purchase Contract Summary. The anticipated closing dates are during the week of August 30 – September 3, 2010. The Receiver is ready, willing and able to close on the Purchase Contracts, subject to the issuance of the Vesting Orders (as defined herein).
32. The Purchasers who have not yet had closing dates set for their Purchase Contracts consist of:

- (a) Purchasers who the Receiver is still working with in an effort to facilitate the closing of their Purchase Contract; or
 - (b) Purchasers whose units are not yet ready for occupancy.
33. The Receiver is applying for orders that will:
- (a) issue vesting orders for the 15 Purchase Contracts for which the Receiver has set closing dates; and
 - (b) establishing a process for the issuance of vesting orders of the 22 Purchase Contracts for which the Receiver has not set yet closing dates.
34. The form of vesting order (the "Vesting Order") sought by the Receiver will see encumbrances that are permitted by the Purchase Contracts remain on title to the Purchased Units. The Receiver, in consultation with its legal counsel, has reviewed titles to the Purchased Units that were current to July 19, 2010 (the "Purchased Unit Titles"). Various encumbrances (collectively, the "Discharged Encumbrances") will be discharged pursuant to the Vesting Order. The Discharged Encumbrances consist of:
- (a) mortgages and assignments of rent registered by First Calgary;
 - (b) builders' liens and associated *certificates of lis pendens*;
 - (c) the Receivership Order;
 - (d) any encumbrance registered against any of the titles to the Purchased Units on or after July 19, 2010.
35. All of the persons who had registered Discharged Encumbrances on or prior to July 18, 2010, are on the service list and have been advised of the application by the Receiver. The Discharges Encumbrances will attach to the Net Proceeds (as the term is defined in the Vesting Order) in the same manner and priority as if they were the Units, and the Net Proceeds will be held by the Receiver pending further Order from this Court.

AMENITIES HOLDBACK CALCULATION

36. PSL retained Tech-Cost Consultant Ltd. (the "TCC") for the purposes of providing an independent opinion of construction costs of a new amenity facility to be constructed as part of the Project (the "New Amenity Facility"). TCC is a professional quantity surveyor and cost consultant and is a "cost consultant" for the purposes of the *Condominium Property Act* (Alberta) (the "CPA").
37. TCC provided an opinion to PSL on December 14, 2009, indicating that the total construction expense of the New Amenity Facility would be \$1,080,000 (the "TCC Opinion").
38. PSL had been calculating a holdback from funds advanced by persons who have closed on units in the Plan to account for the proportional cost of substantially completing the construction of the New Amenity Facility. The holdback is based on section 14(5) of the CPA and the TCC Opinion. The holdback is calculated in accordance with the following formula (the "Amenity Holdback Formula").

Total Unit Factors in the Plan (10,000)/Estimated Costs of Completion of New Amenity Facility (\$1,080,000)

= Individual Unit Factor cost for completion of New Amenity Facility (\$108)

Individual Unit Factor cost for completion of New Amenity Facility(\$108) x Total number of Unit Factors in Purchased Unit (●)

= Proportional Cost of substantial completion of New Amenity Facility (\$●)

39. The Receiver does not intend to complete the New Amenity Facility.
40. The form of Vesting Order sought by the Receiver provides for the calculation of a holdback from the purchase price of the Purchase Contracts in accordance with the

Amenity Holdback Formula. The Amenity Holdback Amount (as the term is defined in the Vesting Orders) will be held by the Receiver pending further order of the Court.

DEPOSIT FUNDS

41. Mcleod and Company LLP ("MC LLP") previously acted as PSL's solicitors on the Project. MC LLP currently holds the sum of \$335,457 in trust in respect of the Purchase Contracts (the "Deposit Funds"). The Vesting Orders provide that the Deposit Funds will be paid by MC LLP to the Receiver upon the Purchaser receiving title to the Purchased Unit and shall form part of the Net Proceeds.

CONCLUSION

42. The Receiver requests that the Court grant the relief set out in the Notice of Motion, dated July 30, 2010.

DELOITTE & TOUCHE INC.,
In its capacity as Receiver of
Perera Shawnee Ltd. And Perera Development
Corporation
and not in its personal capacity

Per: _____



Greg Stevens, CA•CIRP
Senior Vice President

Schedule "1" to the First Receiver's Report

Perera Shawnee Ltd. and
Perera Development Corporation - In Receivership
Statement of Receipts and Disbursements
For the period March 3, 2010 to July 30, 2010

Cash Receipts

Cash in bank at date of receivership	\$ 97.90
Maintenance fees collected	5,515.83
Miscellaneous refunds	136.26
Receiver's borrowings	1,500,000.00
	<u>1,505,749.99</u>

Cash Disbursements

Appraisal fees	10,553.00
Construction consultants	57,260.77
Construction costs	216,283.08
Employee reimbursements	5,527.97
Equipment & Crane rentals	32,042.86
GST paid on disbursements	44,992.86
Insurance	82,001.91
Legal fees and disbursements	123,825.69
Office lease payment	5,479.40
Official Receiver filing fees	140.00
Operating costs	83,856.98
Payments to critical suppliers	295,296.85
Payroll	189,667.42
Perera office expenses	15,727.58
Pre receivership consulting services	24,753.00
Receiver's fees and disbursements	131,119.88
Sales centre expenses	66,279.46
Sales contract services	35,380.00
Security	4,343.00
	<u>1,424,531.71</u>

**Excess of Cash Receipts over Cash Disbursements
Represented by Cash in Bank**

\$ 81,218.28

SCHEDULE "2" TO THE FIRST RECEIVER'S REPORT - PURCHASE CONTRACT SUMMARY

Purchaser	Unit	Legal Unit	Closing Notice	Closing Date	Unit Factor	Amenities Holdback Amount
1 Mirzan, Marcel & Adriana	307	34 Y	30-Aug-10	26	\$ 2,808	
2 Elsaghir, Ihab	205	24 Y	30-Aug-10	35	\$ 3,780	
3 Protacio, Marivic	306	33 Y	31-Aug-10	37	\$ 3,996	
4 Tempo Real Estate Ltd.	601	52 Y	31-Aug-10	37	\$ 3,996	
5 Morris, Pat & David	501	44 Y	31-Aug-10	37	\$ 3,996	
6 De Silva, Tony & Christobel	702	61 Y	31-Aug-10	35	\$ 3,780	
7 Perera, Nawagamuwage	201	20 Y	1-Sep-10	37	\$ 3,996	
8 Spring Advertising Ltd.	407	42 Y	1-Sep-10	26	\$ 2,808	
9 Podborski, E. David & Gwendolyn	202	21 Y	1-Sep-10	35	\$ 3,780	
10 Yaletown Investments	402	37 Y	1-Sep-10	35	\$ 3,780	
11 Jinah/Mohamed	207	26 Y	2-Sep-10	26	\$ 2,808	
12 Cutts/O'Neil (Jane & Luther)	406	41 Y	2-Sep-10	37	\$ 3,996	
13 Meek, Marilyn & Denis	405	40 Y	2-Sep-10	35	\$ 3,780	
14 Robertson, Rose	506	49 Y	2-Sep-10	37	\$ 3,996	
15 Robertson, Donald	508	51 Y	2-Sep-10	26	\$ 2,808	
16 Perera, Don Lal	201	60 N		37	\$ 3,996	
17 Hilmer Coirado (1056299 Alberta Ltd.)	14613/TH6	6 N		40	\$ 4,320	
18 Frank Henzler	803	70 N		48	\$ 5,184	
19 Natalie Bronstein	14619/TH3	3 N		49	\$ 5,292	
20 Debra Seymour	801	68 N		53	\$ 5,724	
21 BIZ IQ	14619/TH2	2 N		49	\$ 5,292	
22 Soo, Phillip	302	29 N		35	\$ 3,780	
23 Sangera, Balraj	503	46 N		24	\$ 2,592	
24 Sangera, Balraj	504	47 N		24	\$ 2,592	
25 Soo, Douglas & Marjan Mazaheri	505	48 N		35	\$ 3,780	
26 Sanghera, Barinder & Jaswinder	104	17 N		24	\$ 2,592	
27 Pimentel, Alex & Adriana	203	22 N		24	\$ 2,592	
28 Pimentel, Alex & Adriana	204	23 N		24	\$ 2,592	
29 Blauth, Cleci	303	30 N		24	\$ 2,592	
30 Blauth, Cleci	703	62 N		24	\$ 2,592	
31 Allibhai, Karim	403	38 N		24	\$ 2,592	
32 Mazaheri, Akbar etal	704	63 N		24	\$ 2,592	
33 Mazaheri, Akbar etal	705	64 N		35	\$ 3,780	
34 Mehta, Usha	602	53 N		35	\$ 3,780	
35 Mehta, Hemanshu	603	54 N		24	\$ 2,592	
36 Judy Poole	14607/TH6	4 N		60	\$ 6,480	
37 AGAM Consulting	14611/TH7	7 N		40	\$ 4,320	
TOTAL					\$ 135,756	

Schedule "3" to the First Receiver's Report

THE PURCHASER MAY, WITHOUT INCURRING ANY LIABILITY FOR DOING SO, RESCIND THIS AGREEMENT WITHIN 10 DAYS OF ITS EXECUTION BY THE PARTIES TO IT UNLESS ALL OF THE DOCUMENTS REQUIRED TO BE DELIVERED TO THE PURCHASER UNDER SECTION 12 OF THE CONDOMINIUM PROPERTY ACT HAVE BEEN DELIVERED TO THE PURCHASER NOT LESS THAN 10 DAYS PRIOR TO THE EXECUTION OF THIS AGREEMENT BY THE PARTIES TO IT.

SALESPERSON: [REDACTED]

DATE OF OFFER: [REDACTED], 200[REDACTED]



HIGHBURY
Offer to Purchase and Agreement of Purchase and Sale

VENDOR:

Perera Shawnee Ltd.
425 78th Ave. S.W.
Calgary, AB T2V 5K5

VENDOR'S SOLICITOR

McLeod & Company LLP
Third Floor, 14505 Banister Road S.E.
Calgary, AB T2X 3J3
Attn: Robin Lokhorst

PURCHASER(S):

Full Name
 Mr. Miss Ms. Mrs.
 Occupation
 Address
 City
 Province Postal Code
 Telephone Business
 Fax S.I.N.
 Email Address

Full Name
 Mr. Miss Ms. Mrs.
 Occupation
 Address
 City
 Province Postal Code
 Telephone Business
 Fax S.I.N.
 Email Address

I/WE THE ABOVE PURCHASER(S) HEREBY OFFER to purchase from the Vendor, a unit of the condominium project Highbury (the "Project") at Suite [REDACTED], 14619 Shawnee Gate, S.W., Calgary, Alberta, and is legally described as :

Unit [REDACTED], Condominium Plan TBD and TBD undivided one ten thousandth shares in the common property excepting thereout all mines and minerals (the "Unit") and Parking Unit Number(s)

TBD, Condominium Plan TBD and TBD undivided one ten thousandth shares in the common property excepting thereout all mines and minerals (the "Parking Unit") in the manner and on the terms and conditions contained herein.

The purchase price (the "Purchase Price") which includes the price of the Unit and one (1) Parking Unit with a value of \$30,000.00 is



Not including applicable GST
 [REDACTED]
 Initials

Including GST net of New Housing Rebate
 [REDACTED]
 Initials

Including 6% GST
 [REDACTED]
 Initials

\$ [REDACTED]

The Purchase Price includes one storage locker to be assigned.



INITIALS
 [REDACTED]



Unit [redacted] Suite [redacted]

HIGBURY

1.1 The Purchaser shall pay to the Vendor the Purchase Price, subject to adjustments as set forth in Clause 6 of the attached Addendum "A" and payable to "McLeod & Company LLP In Trust" by way of cash, bank draft, certified cheque or solicitor's trust cheque, as follows:

- a) A deposit (the "Initial Deposit") of 5% of the Purchase Price upon presentation of this Offer to Vendor \$ [redacted]
- b) A further deposit (the "Second Deposit") of 5% of the Purchase Price payable within forty five (45) days of acceptance by the Vendor \$ [redacted]
- c) The balance of the Purchase price, subject to adjustments described herein (the "Balance") to be paid on the closing Date (as hereinafter defined) \$ [redacted]

1.2 All deposits and payments in excess of \$30,000, other than extras and option payments, interim occupancy fees common expenses and mortgage advances, and security deposits (the "Deposits") paid by the Purchaser under this Agreement shall be held in trust by the Vendor's solicitors, McLeod & Company LLP, until a registerable Transfer of Land for the Unit (the "Transfer") is delivered to the Purchaser and may be dealt with by the Vendor in accordance with the provisions of clauses 1, 13 and 16 of Addendum "A" attached hereto.

1.3 From the Adjustment Date until the first annual general meeting of the condominium corporation is held, the Purchaser agrees to pay monthly to the condominium corporation or its agent or nominee, \$ [redacted], being 1/12 of the estimated annual assessments, contributions, or levies for managing and maintaining the Unit and the common property of the Project in proportion to the Unit Factor.

THE TERMS AND CONDITIONS ATTACHED HERETO AS ADDENDUM "A" ARE PART OF THIS AGREEMENT. READ THEM VERY CAREFULLY BEFORE YOU SIGN.

This Offer to Purchase and Agreement of Purchase and Sale will be open for acceptance by the Vendor up to and including [redacted], 200[redacted] and is irrevocable prior to that time and upon acceptance by the Vendor will be a binding agreement of the purchase and sale of the Unit on the terms and conditions herein contained.

THE PURCHASER HAS EXECUTED THIS AGREEMENT this [redacted] day of [redacted], 200[redacted]

[redacted] _____
WITNESS / PURCHASER
[redacted] _____
WITNESS PURCHASER

RECEIPT OF \$ [redacted] IS HEREBY ACKNOWLEDGED BY THE VENDOR AS DEPOSIT MONIES PAID BY THE PURCHASER.

THIS OFFER TO PURCHASE AND AGREEMENT OF PURCHASE AND SALE is accepted by the Vendor this [redacted] day of [redacted]

Perera Shawnee Ltd.

Per: 
Authorized Signatory

The Purchaser hereby acknowledges having received on the [redacted] day of [redacted], 200[redacted], copies of Addendum "A" and the Schedules referred to therein. This Agreement shall constitute a receipt of the Addendum and the Schedules.

[redacted] _____
WITNESS PURCHASER
[redacted] _____
WITNESS PURCHASER

HIGHBURY
ADDENDUM "A"

1. DEPOSIT IN TRUST

The Purchaser irrevocably authorizes the Vendor to use all or part of the Deposit, as it deems advisable in its sole discretion of constructing the Project and the Unit. The Vendor represents that the deposits and payments other than extras and options payments, interim occupancy fees, common expenses, mortgage advances and security deposits are held under a plan, agreement or arrangement approved by the Minister of Municipal Affairs, pursuant to Section 14(10) of the *Condominium Property Act*, R.S.A. 2000, Chapter C-22 (the "Act"), and amendments thereto, and it is agreed that for so long as that plan, agreement, scheme or arrangement is in effect, only that portion of the deposits in excess of \$30,000 (the "excess deposits") shall be placed in trust in accordance with Section 14 of the Act; PROVIDED FURTHER THAT all deposits paid by the Purchaser(s) under this Agreement shall be held in trust by the Vendors' solicitors, McLeod & Company, and accounted for and disbursed in accordance with the requirements of Section 14 of the Act until a home warranty program has issued a Certificate or Certificates of Coverage of such deposits at which time the Vendor shall become entitled to use any deposits so certified. All interest earned upon funds held in trust shall accrue to the Vendor's credit.

2. EXTRAS AND OPTIONS

The Purchase Price includes the items to be installed in the Unit as set out in Schedule "D". It is understood and agreed that the Vendor need not make any modification or supply any other items, options or extras to the Unit unless ordered by the Purchaser in writing and confirmed and agreed to by the Vendor through the use of a finishing options order form ("the Finishing Options Order Form") supplied by the Vendor. Subject to any specific method for payment agreed upon by the parties in writing in the Finishing Options Order Form, the Purchaser will pay for any agreed upon modifications and/or extras prior to the time the Vendor issues a work order or purchase order of the work to be done or the supply of the required materials or such earlier date as specified by the Vendor and it is acknowledged and agreed by the Vendor and the Purchaser that such payment does not constitute money paid by a purchaser under this purchase agreement but is a payment under the Finishing Options Order Form.

3. EXCLUSIVE USE AREAS

The Purchaser shall be entitled to use of the common property connected to the Unit and identified as a terrace or patio or balcony (the "Exclusive Use Areas") as shown on the Proposed Condominium Plan attached as Schedule "A", or the final plan as registered, as the case may be.

4. PARKING UNIT

The Purchase Price includes one currently unassigned, underground parking stall unless otherwise specified in the Purchase Agreement. It is understood and agreed that the Vendor retains the right to assign the specific Parking Unit(s) to the Purchaser prior to the Closing Date.

5. CLOSING DATE

The Closing Date of the purchase of the Unit (the "Closing Date") shall be the date specified in a notice from the Vendor to the Purchaser. The Purchaser shall be provided with the notice a minimum of 30 days prior to the Closing Date. The Vendor estimates, but does not warrant or represent, that the Closing Date shall be on or about April 30, 2009. Subject to Clause 13, the Purchaser covenants to take possession of the unit on the Closing Date even though the Condominium Plan may not be registered and portions of the common property, all exterior work and the landscaping may not at such time be fully completed. The Purchaser acknowledges that the Closing Date may be delayed to a date later than the date specified in the notice as the Closing Date by strikes, weather, inability to obtain goods or labor, acts of god or other occurrences beyond the reasonable control of the Vendor, or if the Sales Test has not been met, and the Purchaser accepts that in the event of delay the closing date shall be deemed to be postponed to the date on which possession is actually granted. "Sales Test" herein shall mean the execution of unconditional purchase agreements for 35 residential units in the First Phase of the Project.

6. G.S.T. AND ADJUSTMENTS

6.1 The Purchaser acknowledges that he is responsible for payment of the applicable G.S.T. to the Vendor on the closing Date.

(a) if the Purchase Price described in the Purchase Agreement is explicitly shown as "including GST net of New Housing Rebate" then the Purchase Price payable by the Purchaser shall be inclusive of the GST payable under the Excise Tax Act (the "GST Legislation") net of the New Housing Rebate (the "Rebate") available under the GST Legislation provided:

(i) the Purchaser is eligible for the Rebate and assigns it to the Vendor pursuant to a form of assignment acceptable to the Vendor delivered on or before the Completion Date;

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- (ii) on or before the Completion Date, the Purchaser delivers to the Vendor a properly completed and executed GST New Housing Rebate form in the form prescribed by the GST Legislation from time to time;
- (iii) the Purchaser provides to the Vendor on or before the Completion Date a sworn statutory declaration that on completion of the transaction, the first person to occupy the Unit will be the Purchaser or a "relation" (as defined in section 254 of the GST Legislation) of the Purchaser and the Unit will be used as the primary place of residence of the Purchaser or the relation as the case may be.

Despite the foregoing, the Vendor reserves the right to refuse to credit all or any portion of the Rebate claimed by the Purchaser if the Vendor has reason to believe that the Purchaser is not entitled to the Rebate or that the Rebate amount claimed by the Purchaser exceeds the Rebate to which the Purchaser is entitled. By delivering an executed copy of the GST New Housing Rebate form to the Vendor, the Purchaser warrants that the Purchaser is eligible for the Rebate. If the Purchaser assigns the Rebate to the Vendor and Canada Customs and Revenue Agency disallows all or any part of the Rebate claim, the Purchaser will, upon receiving a written demand from the Vendor, reimburse such disallowed amount to the Vendor together with any interest, penalty or other amount payable by the Vendor as a result of such disallowance.

If the Purchaser is not eligible for the Rebate, fails to provide any of the documents referred to in subparagraphs (i) through (iii) or otherwise fails to assign the Rebate to the Vendor, the Purchase Price shall be adjusted upward by the amount of the Rebate that would have been assignable to the Vendor had the Purchaser been eligible and the Purchase Price as increased by such Rebate amount shall be payable on the Completion Date.

- (b) If the Purchase Price as described in the Purchase Agreement is not expressly shown as "including GST net of New Housing Rebate", then in addition to the Purchase Price, the Purchaser shall on the Completion Date remit to the Vendor the GST payable in respect of his purchase of the Unit. In such circumstances, the Purchaser shall be entitled to remit GST net of the Rebate provided the Purchaser complies with the provisions of subparagraphs (i) through (iii) inclusive referred to in subparagraph 6.1(a) of this provision.

6.2 All taxes, interest and other adjustments shall be adjusted between the Vendor and the Purchaser as at the Closing Date or the Possession Date, whichever date is the earlier (the "Adjustment Date") provided the Purchaser has paid all sums of money owing to the Vendor and has otherwise complied with all his obligations set forth in this agreement. If the adjustments cannot be accurately determined at the Adjustment Date, the Vendor shall have the right to estimate the adjustments made and closing shall take place in accordance with the estimate and there shall be an adjustment at such later date when all of the items to be adjusted can be accurately determined. Adjustments hereunder shall take into account all prepaid and accrued expenses relating to the Unit which, without limiting the generality of the foregoing, shall include the following:

- a) Assessments prepaid or owing for common expenses;
- b) Realty taxes (including local improvement charges, if any) on the Unit and, if taxes are owing for the period when the Project was assessed and taxed as one project and not as individual units, then the adjustment of taxes shall be calculated attributing the portion of taxes owing on the total project by applying the Unit Factor to such total expenses; all such taxes to be estimated as if the unit had been assessed by the relevant taxing authority as fully completed by the Vendor for the calendar year in which the transaction is completed and to be adjusted as if such sum had been levied and paid by the Vendor notwithstanding that the same may not, by the Closing Date, have been levied or paid subject however to re-adjustment upon the actual amount of such taxes being ascertained; and
- c) Any other prepaid or current expenses for utilities such as gas, electricity, water or other utilities which are not included in the common expenses, and which shall be adjusted by applying the Unit Factor to such expenses.

7. CONSTRUCTION

7.1. Subject to any reasonable changes or variations as are required by the Vendor, the Unit and the common property are to be constructed in a workmanlike manner, in reasonable conformity with the drawings and specifications deposited at the office of the Vendor and in accordance with all applicable building codes and governmental regulations. The interior and exterior finishing of the common property shall be completed substantially in accordance with the description and/or drawing attached as Schedules "B", "C" and "D" hereto. The Purchaser acknowledges that prior to the signing of this Agreement, the Unit and the common property drawings, specifications and scheduled descriptions have been examined by or on behalf of the Purchaser and approved by him. The Vendor shall have the right to substitute materials and equipment of equal or better quality than the materials and equipment set forth in such drawings and specifications for the Project and its facilities and improvements provided that the changes will not materially alter the value, amenities or appearance of the Unit as determined by the Vendor, acting reasonably. The Purchaser agrees that the Vendor may modify the plans to enhance the marketability of the project as a whole, without obtaining the prior consent of the Purchaser and that such changes may affect the Purchaser and the Unit but may not affect the ownership of the Unit.



- 7.2 The Purchaser acknowledges that the total expected area of the Unit ("Expected Area") as shown on the Proposed Condominium Plan set out in Schedule "A" (and the room measurements as shown in any advertising material) are approximate only and may vary from the total actual area ("Actual Area") as shown on the final Condominium Plan registered in the applicable Land Titles Office. If the proportion by which the Actual Area varies from the Expected Area (the "Variance") is less than 3%, there will be no adjustment to the Purchase Price to reflect same. If the Variance exceeds $\pm 3\%$ the Purchase Price will be increased or decreased, as the case may be, by the "Adjustment Factor" (as hereinafter defined) per square foot in respect of that part of the Variance, which exceeds $\pm 3\%$. If the Variance exceeds $\pm 10\%$, the Purchaser may by written notice cancel this Agreement, whereupon the Purchaser will be entitled to repayment of the Deposit as provided in Clause 16 hereof, unless the Variance is positive by virtue of the Actual Area exceeding the Expected Area and the Vendor waives the adjustment to the Purchase Price, in which event the Purchaser will complete the transaction of purchase and sale on the Closing Date. In this paragraph "Adjustment Factor" means the price per square foot determined by dividing the Purchase Price by the Expected Area.
- 7.3 The Vendor, its agents, employees, mortgage inspectors and municipal employees shall have the right of entry and access to the Unit and the applicable common property before and after the Closing Date in order to complete any incomplete items, inspect the Unit and make any modifications to the Unit.
- 7.4 The Purchaser shall not enter onto the Unit or any common property other than the Vendor's sales office without the Vendor's express permission. The Purchaser hereby releases the Vendor, its servants and agents from all liability or claims whatsoever for personal injury or property damage to the Purchaser or anyone accompanying or sent or invited by the Purchaser (hereafter referred to as "the Trespasser") resulting from their entry onto the Unit or common property without the permission of the Vendor, whether arising from the negligence of the Vendor or otherwise. The Purchaser hereby agrees to indemnify and hold harmless the Vendor from and against any and all actions, causes of action, suits, proceedings, fines, costs, expenses and damages whatsoever arising by virtue of the Trespasser's entry onto the Unit or common property without express permission.

8. TITLE TRANSFER

The Transfer, in registerable form, shall be prepared at the expense of the Vendor, and delivered to the Purchaser's solicitor in sufficient time to register prior to the Closing Date. The Purchaser shall not be obligated to pay any interest to the Vendor on the cash to close until the Purchaser has had time in which to register the Transfer, provided the cash to close has been paid to the Vendor's solicitor in trust. The date upon which the Transfer is registered at the south Alberta Land Registration District shall be the "Title Transfer Date". The Purchaser acknowledges that the Purchaser is responsible in any event for the title transfer registration fees and for the payment of all costs relating to any new mortgage financing, and for all mortgage registration charges and disbursements. The Vendor shall discharge any Caveat protecting the Vendor's interest as an unpaid Vendor.

9. PAYMENT AND INTEREST

The Purchaser shall pay daily interest to the Vendor at the Royal Bank Prime Lending rate plus THREE (3%) PERCENT calculated on the Purchase Price or any other payments due by the Purchaser, including deposits, which are not paid to the Vendor by the date prescribed for payment herein, from the date such payments are due until payments are made, PROVIDED HOWEVER that this Clause shall in no way affect or diminish the rights of the Vendor set forth in this Agreement to insist upon all monies being paid on the date due. All monies payable hereunder by the Purchaser to the Vendor shall be paid without condition, stipulation, trust, term or holdback (including Builders' Lien holdback) except as specified herein or in the Act (if applicable). For greater certainty, no holdback may be made by the Purchaser in respect of unfinished work, deficiencies, or defects apparent at the Closing Date except with the agreement in writing of the Vendor.

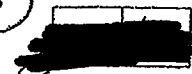
10. MORTGAGE

The Vendor agrees that if part of the monies payable pursuant to this Agreement are coming from the proceeds of a new first mortgage to be obtained by the Purchaser, the Vendor shall provide a registerable transfer of land to the Purchaser, providing all conditions below are met:

- a) The Purchaser has executed any and all documents required by the mortgagee with respect to the new mortgage;
- b) The Purchaser has executed and delivered to the Vendor an irrevocable direction in writing addressed to the mortgagee, providing that the mortgage proceeds will be paid to the Vendor or its solicitor for the credit of the Vendor;
- c) The Purchaser has executed such other documents as may be required by the Vendor or its solicitor, to ensure that the mortgage proceeds are, in fact paid to the credit of the Vendor; and
- d) The Vendor is advised, by its solicitor, that the Purchaser has paid and the Vendor's solicitors are holding in their trust account on terms acceptable to them, all other money required to be paid by the Purchaser pursuant to Clause 6 hereof.
- e) The Purchaser shall use his best efforts to ensure that all advances under any mortgage financing shall be made without deduction for any interest or charges. In the event that the mortgagee reduces the amount of the loan or payment the Purchaser shall forthwith on demand pay to the Vendor the amount necessary to make up the deficiency.



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11. INSPECTION

On or prior to the Possession Date, the Purchaser agrees to meet with a representative of the Vendor, at a mutually convenient time, to conduct a joint inspection of the Unit and to complete a list as to the deficiencies, if any, in the Unit. No holdback shall be allowed with respect to any deficiencies, all deficiencies shall be completed within a reasonable time from the closing Date. Except as to any items specifically listed on such deficiency list, the Purchaser shall be conclusively deemed to have accepted the Unit. The Purchaser further agrees that the Vendor or its agents shall have the right of entry and access to the Unit at all reasonable times upon reasonable notice, before and after the Closing Date, in order to complete any incomplete items or to inspect the Unit.

12. ASSIGNMENT

The Purchaser may only assign the Purchaser's interest in the Unit or in this Agreement or direct the transfer of the Unit to any other or additional party with the written consent of the Vendor and unless the Vendor so consents the Vendor shall not be required to convey the Unit to anyone other than the Purchaser named herein. If, with the consent of the Vendor, the Purchaser assigns the Purchaser's interest in the Unit or this Agreement or directs the transfer of the Unit to any other or additional party, the Purchaser will pay to the Vendor a handling charge in the amount of 2% of Purchase Price to compensate the Vendor for legal and administrative costs in connection with such assignment or direction except that such handling charge will be reduced to \$1,500.00 if the assignee is the Purchaser's spouse, parent, child, grandparent or grandchild. No assignment by the Purchaser of the Purchaser's interest in the Unit or this Agreement or direction of transfer to any other person shall have the effect of releasing the Purchaser from any of the Purchaser's obligations or liabilities hereunder.

13. OCCUPANCY LICENCE

13.1 The Purchaser acknowledges that the title to the Unit cannot be conveyed and final closing will not take place until the Condominium Plan has been registered in accordance with the Act. The Purchaser agrees to enter into possession on a date (the "Early Possession Date") earlier than the Closing Date upon the Vendor providing notice to the Purchaser that the Unit is substantially complete, notwithstanding that the Condominium Plan for the Project is not registered. Notwithstanding anything contained in this agreement to the contrary, on or prior to the Early Possession Date, the Purchaser:

- a) Shall pay to the solicitors for the Vendor the full purchase price payable hereunder, (excepting any mortgage proceeds) which sum shall be dealt with in accordance with the terms of this Clause 13;
- b) Shall execute and deliver to the Vendor all documentation relating to the New Home Warranty program of Alberta and assignment of the new housing Goods and Services Tax Rebate;
- c) Shall otherwise comply with all other provisions of this Agreement.

13.2 The Purchaser shall take possession of the Unit pursuant to this Clause 13 as a licensee of the Vendor. In addition, the Purchaser shall, in consideration of the Vendor granting early possession of the subject unit, agree to pay to the Vendor a monthly occupancy fee from the Early Possession Date, to the Title Transfer Date (being the conclusion of the period of occupancy) as follows:

The Purchaser hereby irrevocably assigns to the Vendor the interest to be earned during the said occupancy period on all funds that have been paid to the Vendor on or before the Early Possession Date plus a sum equal to interest which should have been payable under the Purchaser's mortgage financing, if any, which sums shall be deemed to be the monthly occupancy license fee, and as such, shall not be applied against the Purchase Price of the Unit.

13.3 The Purchaser shall execute a registrable Transfer of Land in favor of the Vendor (the "Transfer Back") and the Transfer Back shall be retained by the Vendor's solicitors until the entire purchase price has been paid for unconditional release to the Vendor.

13.4 Should the Purchaser not complete or be unable to complete this transaction or should this transaction be terminated pursuant to the terms of this Agreement the Purchaser agrees to vacate the Unit within 15 days after notice to do so has been served on the Purchaser and to pay to the Vendor reasonable rent for the period of such occupancy, and the Vendor shall be at liberty to immediately restore title to the Vendor's name, all at the Purchaser's expense.

13.5 The Purchaser shall and does hereby indemnify and save harmless the Vendor of, from and against all suits, claims, actions, losses, costs, expenses, and damages of any kind to which the Vendor shall become liable to a party by reason of the use, misuse or occupation of the Unit or the common property by the Purchaser, his family, invitees or agents or by reason of any injury suffered or occasioned by any person or any person for whom the Purchaser is responsible in law.

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14. RISK

The Unit shall be at the risk of the Vendor until the earlier of the Closing Date or the Early Possession Date. In any event of substantial or total loss or damage to the Unit or the Project occurring before such time from any cause whatsoever, either the Vendor or the Purchaser may, at their option, cancel this Agreement within thirty day (30) days of the date of the said loss or damage, and thereupon the Purchaser shall be entitled to the return of any monies paid as deposits without interest or deduction and the Vendor shall have no further liability hereunder. In the event the damage is not substantial or total, the Vendor agrees to restore and complete the Unit as soon as reasonably possible. All proceeds of any insurance policies in force shall be payable to the Vendor. The Unit shall be at the risk of the Purchaser after the Closing Date or Early Possession Date.

15. TITLE, ENCUMBRANCES AND BY-LAWS

The Unit is sold subject to the Act and the implied easements thereunder and any caveats, charges, restrictive covenants, encumbrances and easements registered or to be registered in favor of utility companies or public authorities, and the proposed restrictive covenant and easement set forth in Schedules "J" and "K" respectively and any charges or encumbrances the source of which is attributable to the Purchaser, and those encumbrances registered or to be registered as may be required to properly service the Unit, the Project, and the common property and as may be required by the City of Calgary in conjunction with its approval of the Project or pursuant to a development agreement. The Vendor will, after receipt of the full sale proceeds cause any of its mortgage encumbrances attributable to the Vendor to be discharged insofar as they are registered against title to the Unit. The Purchaser acknowledges that he is fully aware of the permitted and conditional uses of the Unit and real property within the surrounding area under the land use by-laws of the applicable municipal authority governing the Unit and all applicable statutes, rules and regulations of any competent authority and agrees to accept the Unit subject to the risks incidental to such uses. The Purchaser further acknowledges that he is acquainted with the duties and obligations of an owner of a Unit and will be subject to all the benefits and obligations inherent in such membership. The Purchaser agrees to be bound by the proposed by-laws for the Condominium Corporation, a copy of which is attached as Schedule "H" hereto.

16. TERMINATION

- a) The Vendor is hereby granted the unrestricted right at its option to cancel and terminate this Agreement upon written notice to that effect delivered to the Purchaser in the event any of the following circumstances occur:
 - i. If, where the Purchaser is arranging CMHC high ratio mortgage financing hereunder, the Purchaser has not provided the Vendor with written confirmation within ten (10) days of the Vendor's acceptance of this Offer to Purchase that the Purchaser has been approved for the mortgage applied for;
 - ii. If the Purchaser makes an assignment of this Agreement without first obtaining the written consent of the Vendor;
 - iii. If the Purchaser becomes insolvent or bankrupt or if a receiver is appointed for any or all of the assets of the Purchaser;
 - iv. If the Purchaser fails to deliver any of the deposits or other payments provided for herein within the time prescribed for the payment thereof; or
 - v. If the Purchaser fails to comply with any of the terms of this Agreement or shall fail to complete or execute or deliver any document or instrument herein required or provided for.
- b) If the Purchaser is not approved for the mortgage within the time set forth in sub-clause 16(a)(i) above, then the Purchaser may, upon providing written notice to that effect to the Vendor and providing evidence that reasonable efforts were taken by the Purchaser to obtain such approval, cancel and terminate this Agreement.
- c) If the Variance as calculated in Clause 7.2 exceeds $\pm 10\%$, the Purchaser may by written notice cancel and terminate this Agreement unless the Variance is positive by virtue of the Actual Area exceeding the Expected Area and the Vendor waives the adjustment to the Purchase Price in which event the Purchaser will complete the transaction of purchase and sale on the Closing Date.
- d) If the Purchaser has terminated this Agreement pursuant to sub-clauses 16(b) or (c) hereof, or the Vendor has terminated this Agreement pursuant to sub-clause 16(a)(i) hereof, the Vendor shall promptly refund all Deposits to the Purchaser, without interest or deduction. If the Vendor cancels and terminates this Agreement pursuant to any of sub-clause 16(a)(ii), (iii), (iv) or (v) hereof, all Deposits shall be absolutely forfeited to the Vendor as part of its liquidated damages and not as a penalty and the Vendor shall be at liberty to pursue such other claim or action of any nature to which it may be entitled in law against the Purchaser.
- e) If the Purchaser cancels or in any way attempts to terminate this Agreement other than in accordance with sub-clauses 16(b) or (c) hereof, then, without limitation or prejudice to any of the rights of the Vendor hereunder or at law, all Deposits shall, at the option of the Vendor, be absolutely forfeited to the Vendor as part of its liquidated damages and not as a penalty and the Vendor shall be at liberty to pursue such other claim or action of any nature to which it may be entitled in law against the Purchaser.

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[REDACTED]

- f) In the event of termination or cancellation of this Agreement, the Vendor shall be entitled to be reimbursed for the cost of paying out any lien, execution or encumbrance the source of which is attributable to the Purchaser, or the costs of any extras or improvements requested by the Purchaser and such costs shall include legal costs on a solicitor-and-own-client, full indemnity basis.
- g) If this Agreement is terminated by either party pursuant to this Clause 16, the Vendor shall promptly inspect the Unit and, if in the opinion of the Vendor, any redecoration or repair thereto is required to restore the Unit to its condition at the Early Possession Date or Closing Date, as the case may be, the same may be effected by the Vendor at the expense of the Purchaser and the Vendor may deduct the costs thereof from the Deposits and/or demand payment of such costs from the Purchaser. The Purchaser shall pay interest on such costs as set forth in clause 9 from the date of the demand for payment.
- h) Any sums paid in respect of occupancy license fees or common expenses by the Purchaser hereunder are not refundable in the event of termination.
- i) If the Vendor commences action for the judicial interpretation, enforcement, termination, cancellation or rescission hereof or for damages for the breach of any provision of this Agreement the Vendor shall be entitled to its costs on a solicitor-and-own-client, full indemnity basis.
- j) If the Condominium Plan is not registered by December 31., 2009 or if the Early Possession Date has not occurred by December 31, 2009, then, in either event, this Agreement shall be null and void at the option of either party hereto and the Vendor shall return to the Purchaser, without interest, all purchase monies paid, subject to all proper deductions as provided for in this Agreement.

17. MANAGEMENT

The Purchaser acknowledges that it is the intent of the Vendor that the Condominium Corporation be managed in accordance with the proposed management agreement set out in Schedule "F".

18. UNIT FACTORS

The Unit Factors for the Unit and the Parking Unit are as set out on page one of the Offer to Purchase and have been apportioned and computed substantially on the basis of the area of the Unit in relation to the total area of all the units in the Project. The Parking Unit itself carries a unit factor of 2. Minor adjustments may have been made to the Unit Factor for the Unit and the Parking Unit as may be necessary to make the unit factors for all the units total 10,000 as required by law.

19. COMMON & OCCUPANCY EXPENSES

- a. It is estimated by the Vendor that the monthly common and occupancy expenses contribution for the Unit after the Closing Date or Early Possession Date, as the case may be, will be as set out in Clause 1.4 of the Offer to Purchase. The Purchaser acknowledges that such amount is an estimate only and is subject to change by the Condominium Corporation or its Board of Directors. The said contribution comprises the Purchaser's proportionate share of the estimated monthly property and management expenses of the Project and is determined by applying the Unit Factor for the Unit to the total of such expenses. The estimated budget set out in Schedule "H" is presented to the Purchaser for informational purposes only.
- b. The Purchaser shall be solely responsible for any cost associated with the connection and provision of telephone and cable service arranged by and subscribed to by the Purchaser. The Purchaser agrees to pay for property taxes for the Unit and other utility charges, which are for the sole benefit of the Unit. The Purchaser also agrees and acknowledges that it is his or her or their responsibility to carry personal liability insurance and to insure their personal belongings located in the Unit or in any storage area in the building.

20. VENDOR CONDOMINIUM FEES

- a) Before and during construction of Phase One and any of the Subsequent Phases, and prior to the turnover of each Phase, the Vendor shall be responsible for all common expenses relating to each Phase then under construction or awaiting development, but during such period, the Vendor shall in return be entitled to receive all interim occupancy fee payments made by an occupant or owner of a particular unit. The Vendor shall not be required to pay condominium contributions (based on the estimated condominium fees noted in the Vendor's disclosure package or as may be assessed by the Board of Directors of the Condominium Corporation) for any units in phases which are undeveloped or under construction.
- b) After the first annual general meeting of the Condominium Corporation, the Board of Directors of the Condominium Corporation may adopt a Budget and collect condominium contributions in accordance with the Replacement By-laws, and as set out in those Replacement By-laws, for units which it intends to sell, the Vendor shall contribute to common expenses in respect of the units intended by the Vendor to be sold according to the Proposed By-laws.

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21. VENDOR EXEMPTION FROM BYLAWS

In the Proposed By-Laws, Schedule H, By-laws 3(d), 3(i),3(l), 3(n), 46(a) 61 (b)i), 61(b)iii), 62(c)i), 62(c)ii), 62(c)x), 62(c)iii) 62(c)xv), 62(c)xvii), and 62(c)xviii) shall not apply to the Vendor for one (1) year from the date of registration of the Condominium Plan.

22. DISPLAY UNITS

The Purchaser agrees that, notwithstanding the provisions of the By-laws of the Project, the Vendor shall have the right to maintain and use a reasonable number of units and a portion of the common property for display and sale purposes and to exhibit a sign or signs advertising the location of such display units on or about the display units on the common property until all the units in the Project, and future projects of the Vendor within a two block radius, are sold and occupied and that any provisions of the By-laws which might restrict the Vendor in this respect, if any, are hereby waived by the Purchaser.

23. CONDOMINIUM AND DEVELOPMENT PROVISIONS

The Purchaser is aware that that a Condominium Corporation has been or will be established to operate and maintain the common property of condominium project. The Purchaser agrees to observe and perform the terms and conditions of the Act, by-laws, restrictive covenants, easements, encumbrances and regulations of the Corporation and management agreements entered into by the Corporation, and in particular the Purchaser is aware that the owners of all condominium units must pay monthly assessments imposed by the Corporation to meet encumbrance charges and common expenses, including (amongst others) such things as management fees, reserve fund, insurance premiums and common utilities and services.

24. SCHEDULES

The Schedules referred to in the Offer to Purchase and this Addendum "A" are deemed to be incorporated herein and include the following:

- Schedule A Proposed Condominium Plan
- Schedule B Site Plan and landscaping plan being drawings showing the location of fences, roadways, walkways, parking areas and landscaping
- Schedule C Phased Development Disclosure Statement, and Appendix A, Plans and Specifications for Common Area
- Schedule D Specifications of the Unit
- Schedule E Manager's Residence and Guest Suite
- Schedule F Proposed Management Agreement
- Schedule G Proposed Condominium Operating Budget and the estimated amount of the monthly contributions of each unit in the project
- Schedule H Proposed By-laws
- Schedule I Proposed Restrictive Covenant (Parking)
- Schedule J Registered Easements
- Schedule K Alberta New Home Warranty Program

Schedules "A", "B", "C" and "D" are descriptions and drawings which depict the roadways, walkways, fences, parking areas, interior and exterior finishing and landscaping as they will exist when the Vendor has fulfilled its obligations under this Agreement PROVIDED THAT the Purchaser acknowledges and agrees that the Vendor shall be entitled to make changes thereto and to the Schedules provided that the changes will not materially alter or affect the value, amenities, appearance or marketability of the Unit or the common property as determined by the Vendor acting reasonably AND PROVIDED FURTHER THAT the Purchaser acknowledges and agrees that the Vendor shall be at liberty to make such changes in any Schedules as may be (and to the extent) required by any mortgagee providing interim or permanent financing for the Project or its mortgage insurer or by any government agency, the Vendor represents there are no significant utility installations, major easement areas, retaining walls and other significant features except as identified on the Site Plan and Landscaping Plan.

24. MISCELLANEOUS

24.1 Time of Essence. Time is of the essence of this Agreement and no extension of time permitted or agreed to by the Vendor shall be held or construed to effect a waiver of this provision.

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- 24.2 Condition Removal. Notwithstanding anything herein contained to the contrary, if the Purchaser's obligation to purchase the Unit is subject to one or more conditions then the conditions shall be set out in an Addendum attached hereto and if such conditions exist then the Vendor may, on written notice delivered to the Purchaser require the Purchaser to either satisfy or waive the satisfaction of all conditions by delivering written notice within twenty-four (24) hours from the time the Vendor gives notice to the Purchaser. If such written waiver is not received within such time, then this Agreement shall terminate and the Deposit shall be promptly refunded to the Purchaser.
- 24.3 Notices and Tender. Any notice provided for herein shall be in writing and shall be effected by delivery or by sending the same in a postage pre-paid envelope addressed to the Purchaser at his address shown on the first page of the Offer to Purchase and to the Vendor at 425-78th Ave. S.W., Calgary, AB, T2V 5K5, and any notice shall be deemed to have been received on the date of delivery or on the fifth business day following the mailing.
- 24.4 Governing Law. This offer, the contract of purchase and sale resulting from the acceptance of this offer and all matters arising hereunder will be construed in accordance with and governed by the laws of the Province of Alberta, which will be deemed to be the proper law hereof, and the Court of Queen's Bench of Alberta will have the exclusive jurisdiction to entertain and determine all claims and disputes arising out of or in any way connected with this offer and the validity, existence and enforceability hereof.
- 24.5 Purchaser Comprising More Than One Party. If the Purchaser is comprised of more than one party, then the obligations of the Purchaser hereunder will be the joint and several obligations of each party comprising the Purchase and any notice given to one of such parties, shall be deemed to have been given, at the same time to each other such party.
- 24.6 Execution of Counterparts and Delivery of Telecopied Agreement. This Agreement may be executed by the parties in counterparts or transmitted by telecopy or other means of electronic communication, or both, and if so executed and delivered, or if so transmitted, or if so executed and transmitted, this Agreement will be for all purposes as effective as if the parties had executed and delivered to one another a single original agreement.
- 24.7 Residency of Vendor. The Vendor represents and warrants to the Purchaser that it is a resident of Canada within the meaning of the Income Tax Act of Canada.
- 24.8 Urea Formaldehyde. To the best of the Vendor's knowledge, the Unit will be or is free of material containing urea formaldehyde foam insulation.
- 24.9 Contractual Rights. This Offer, and the agreement which results from its acceptance, creates contractual rights only and not any interest in land in favor of the Purchaser.
- 24.10 Further Assurances. The parties hereto shall do all further acts and things and execute all such further assurances as may be necessary to give the full effect to the intent and meaning of this contract.
- 24.11 References. All references to any party, whether a party to this contract or not, will be read with such changes in number and gender as the context or reference requires.
- 24.12 Severance. If any provision hereof is contrary to law or is otherwise unenforceable, the same shall be severed and the remainder of this Agreement shall be of full force and effect.
- 24.13 Enurement. Subject to the terms of Clause 12 hereof, the covenants, provisos, powers and licenses herein expressed or implied shall be binding upon and enure to the benefit of, and may be exercised or enjoyed by the heirs, executors, administrators or approved assigns of the Purchaser.
- 24.14 Non-Merger. All the covenants and obligations contained in this Agreement to be performed or observed by the Purchaser shall in no way merge with the Transfer of the Unit hereunder and shall in all respects remain in full force and effect notwithstanding conveyance of the Unit to the Purchaser and the payment of the purchase price.
- 24.15 Entire Agreement. The Parties confirm that the Offer to Purchase, Addendum A, the attached schedules and any other attached Addendums (the "Documents") constitute the entire agreement between the parties hereto and that there are no further or other conditions, representations, warranties, undertakings, guarantees, promises or agreements either express or implied either by law or custom save those mentioned in the Documents and that no oral or written agreements, representations, promises or any warranty made by any person shall be binding upon the Vendor unless made in writing and signed on behalf of the Vendor by its duly authorized officers.
- 24.16 Headings. The headings throughout the Offer to Purchase and this Addendum "A" are inserted for convenience only and shall not affect the construction of or be used in the interpretation of the Offer to Purchase and this Addendum "A" or any provision hereof.

25.0 MANAGER'S RESIDENCE & GUEST SUITE

The Purchaser acknowledges that the Condominium Corporation will or has acquired the manager's residence being Suite # L1, Unit # TBD from the Vendor for the purchase price, including 6% GST, of \$530,000 (plus applicable taxes and charges and subject to the customary adjustments) and two residence units to be utilized as a guest suites being proposed Suite #'s G1 and G2, Unit #'s TBD from the Vendor for the purchase price, including 6% GST, of \$190,800 (plus applicable taxes and charges and subject to the customary adjustments) each, to be paid in accordance with the terms set out in Schedule "E". The Purchaser acknowledges that each Unit purchaser is to be assessed a special levy of \$975.00 in addition to the Purchase Price to be applied to the purchase of the manager's and guest suite and the Purchaser agrees to pay such sum to the Vendor on the Closing Date whether or not such levy is actually assessed by the Condominium Corporation.

26.0 VENDOR'S CONDITIONS PRECEDENT

This Offer is made subject to the following Vendor's Conditions, which are the Vendor's Conditions Precedent to the constituting or creating of any binding obligations hereunder, including the obligation of the Vendor to transfer title to the Unit to the Purchaser or creation of any legal agreement hereunder:

- (a) That if, on or before December 31, 2007, the Vendor gives written notice to the Purchaser that the Vendor has not been issued a released Development Permit and Condominium Approval for the Project from the City of Calgary;
- (b) That if, on or before December 31, 2007, the Vendor gives written notice to the Purchaser that it elects not to commence construction of the Unit due to the number of sales of other units in the building containing the Unit being, in its sole opinion, inadequate or insufficient to justify a construction start on the building containing the Unit;
- (c) That if the Vendor, on or before December 31, 2007 gives notice to the Purchaser that, in its sole discretion, it is not satisfied of the economic viability of the Project, for the phase of the Project in which the Unit is located.


then this Offer to Purchase and any agreement flowing from its acceptance by the Vendor shall thereafter be null and void and the Vendor shall refund any deposits on account of the Purchase Price it holds on the Unit to the Purchaser and the parties shall thereafter be deemed to have mutually released each other from all obligations hereunder.

These Vendor's Conditions Precedent are for the sole benefit of the Vendor and may be waived by the Vendor in whole or in part at any time.

The Vendor may unilaterally extend any or all of the dates referred to in the above Vendor's Conditions Precedent by notice in writing to the Purchaser given at any time on or before the expiry of the Vendor's Conditions Precedent dates.

27.0 Purchaser's Caveat Restriction

The Purchaser agrees that the Purchaser's rights under this Agreement are subordinate to and postponed to any construction mortgage arranged by the Vendor and any advances thereunder from time to time. The Purchaser acknowledges that registration of a caveat or other instrument respecting this Agreement or any related financing may delay registration of the Condominium Plan and affect construction of the Project and interim mortgage advances. Therefore, the Purchaser shall not register any caveat or instrument against title to all or any portion of the Project until such time as the Condominium Plan is registered.

 INITIALS
[REDACTED]

SCHEDULE "4" TO THE FIRST RECEIVER'S REPORT

Deloitte.



Deloitte & Touche Inc.
3000 Scotia Centre
700 Second Street S.W.
Calgary AB T2P 0S7
Canada

Tel: 403-267-1724
Fax: 403-260-4066
www.deloitte.ca

April 6, 2010

Dear ● :

Re: Receivership of Perera Development Corporation ("PDC") and Perera Shawnee Ltd. ("PSL", or when reference is being made to PDC and PSL collectively, the "Debtors")

Deloitte & Touche Inc. (the "**Receiver**") was appointed as receiver and manager of all of the assets, properties and undertakings of the Debtors pursuant to an Order issued by the Court of Queen's Bench of Alberta on March 3, 2010 (the "**Receivership Order**"). A copy of the Receivership Order is available on the Receiver's website at the following address:

http://www.deloitte.com/view/en_CA/ca/specialsections/insolvencyandstructuringproceedings/perera/index.htm

You are party to a residential real estate purchase contract with PSL, dated ● (the "**Purchase Contract**"), pursuant to which you agreed to purchase Suite ● located at 14619, Shawnee Gate S.W., Calgary, Alberta (the "**Unit**") for the sum of \$● (the "**Purchase Price**").

The Unit was constructed in the first phase ("**Phase One**") of a condominium development known as Highbury (the "**Project**"). Apparently, it was originally PSL's intention to construct a second phase (the "**Phase Two**") and a third phase (the "**Phase Three**") of the Project, and to afterwards construct a circular podium to facilitate parking for the residential developments of Phase One, Phase Two and Phase Three (the "**Podium**"). At this time the Receiver expects to complete the construction of Phase One of the Project. The Receiver is exploring various options with respect to the construction of the Podium, Phase Two and Phase Three of the Project.

The Receiver is preparing to close on the Purchase Contract and convey title to the Unit to you for the Purchase Price. A date for the closing of the Purchase Contract will be provided to you in accordance with the Purchase Contract shortly.

SCHEDULE "4" TO THE FIRST RECEIVER'S REPORT

Yours Truly,

DELOITTE & TOUCHE INC.

In its capacity as Receiver and Manager of
Perera Development Corporation and Perera Shawnee Ltd.
and not in its personal capacity

Greg Stevens CA•CIRP
Senior Vice-President

IN THE COURT OF QUEEN'S BENCH OF
ALBERTA

JUDICIAL DISTRICT OF CALGARY

BETWEEN:

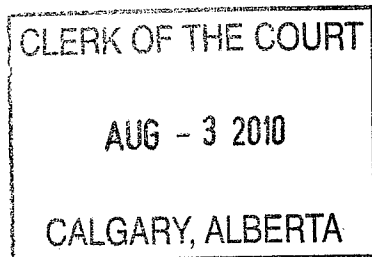
**FIRST CALGARY SAVINGS & CREDIT
UNION LTD.**

Plaintiff

- and -

**PERERA SHAWNEE LTD., PERERA
DEVELOPMENT CORPORATION, DON L.
PERERA AND SHIRANIE M. PERERA**

Defendant



**FIRST RECEIVER'S REPORT TO THE
COURT SUBMITTED BY DELOITTE &
TOUCHE INC.**

Osler, Hoskin & Harcourt LLP

Barristers & Solicitors
2500, 450 - 1st Street S.W.
Calgary, AB T2P 5H1

Christa Nicholson

Phone: (403) 260-7025
Facsimile: (403) 260-7024