

COURT FILE NUMBER 1901-03824

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

IN THE MATTER OF THE RECEIVERSHIP OF SURFACE PRO SERVICES INC., ATKINS KUNTZ CONSTRUCTION GROUP INC. and 2049829 ALBERTA INC.

PLAINTIFF ROYAL BANK OF CANADA

DEFENDANTS SURFACE PRO SERVICES INC., ATKINS KUNTZ CONSTRUCTION GROUP INC. and 2049829 ALBERTA INC.

DOCUMENT **FIRST REPORT OF DELOITTE RESTRUCTURING INC. AS THE COURT-APPOINTED RECEIVER AND MANAGER OF SURFACE PRO SERVICES INC., ATKINS KUNTZ CONSTRUCTION GROUP INC. and 2049829 ALBERTA INC.**

DATED AUGUST 16, 2019

PREPARED BY DELOITTE RESTRUCTURING INC.

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

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Table of contents

Introduction and background	1
Terms of reference	2
Purpose	3
Receiver's activities	4
Primary assets	6
Primary liabilities	9
Operations	10
Marketing and sales process	12
Interim statement of receipts and disbursements	14
Bankruptcy of the Companies	16
Conclusions and recommendations	17

APPENDICIES

Appendix "A" – Notice and Statement of Receiver

Appendix "B" – Alberta Land Titles Search of the Real Property

Appendix "C" – Real Property Appraisal

Appendix "D" – Camber Loan Agreement

Appendix "E" – Agreement between the Receiver and Axiom Builders Inc. dated May 8, 2019

CONFIDENTIAL APPENDICIES

Confidential Appendix "1" – Equipment Appraisal

Confidential Appendix "2" – Colliers Opinion

Confidential Appendix "3" – Final Offer and summary of critical dates

Confidential Appendix "4" – Amending Agreement

Introduction and background

1. Surface Pro Services Inc. ("**SPS**"), Atkins Kuntz Construction Group Inc. ("**AKC**") and 2049829 Alberta Inc. ("**204**") (collectively, the "**Companies**" or the "**Debtors**") are private companies incorporated in the Province of Alberta on February 16, 2011, September 11, 2012, and June 12, 2017, respectively. SPS performs landscaping and maintenance work for commercial and residential customers. AKC is a concrete company specializing in commercial and residential concrete formwork. 204 owns the land and building located at 8916 44 Street SE, Calgary, Alberta (the "**Real Property**"). SPS and AKC operate out of the yard, shop, and offices (the "**Premises**") located on the Real Property. SPS and AKC's primary assets include concrete and landscaping equipment, vehicles, tools, accounts receivable, and the PEI Property (defined later in this report (the "**First Report**")) (collectively, the "**Assets**").
2. The Companies' primary secured lender is the Royal Bank of Canada ("**RBC**") which was owed approximately \$3.27 million by the Debtors as at the Date of Receivership (defined later in this First Report). RBC holds various registered security over the Assets and Real Property of SPS, AKC, and 204 (the "**RBC Security**") and is the first position secured creditor over same. The Business Development Bank of Canada also holds registered security over the Assets of SPS and AKC, while Trisura Guarantee Insurance Company holds registered security over the accounts receivable, inventory, equipment, and motor vehicles of SPS.
3. On March 5, 2019, RBC demanded repayment of the loans and issued a notice of intention to enforce security pursuant to section 244(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended.
4. On March 15, 2019, RBC made an application to the Court of Queen's Bench of Alberta (the "**Court**") seeking appointment of Deloitte Restructuring Inc. ("**Deloitte**") as interim receiver over the Debtors (the "**Application**"). The Application was made due to RBC's concerns over the deterioration of the financial condition of the Companies, their inability to make payroll, and the conduct of Management (defined later in this First Report). The Application was heard by the Honourable Justice K. Yamauchi, and ultimately, an Order was granted adjourning the Application to March 19, 2019 (the "**March 15, 2019 Order**").
5. The March 15, 2019 Order also required the Debtors to: i) provide RBC with proof that all goods and services tax ("**GST**") and payroll source deductions were remitted to the Canada Revenue Agency ("**CRA**") no later than the close of business on March 18, 2019; and ii) provide a list of employees and payroll amounts for the March 15, 2019 pay period.
6. The Debtors failed to provide all the required documentation noted in the March 15, 2019 Order, including but not limited to the proof that all GST and payroll source deductions were remitted to CRA, and on March 19, 2019 (the "**Date of Receivership**"), the Court granted an order (the "**Receivership Order**") appointing Deloitte as receiver and manager (the "**Receiver**") of all of the current and future assets, undertakings and properties of the Companies.
7. The Receivership Order, together with related Court documents and the notices sent to the creditors of the Companies have been posted on the Receiver's website (the "**Receiver's Website**") at <https://www.insolvencies.deloitte.ca/en/-ca/Pages/Surface-Pro-et-al.-.aspx>. This First Report will also be posted on the Receiver's Website after it has been filed with the Court.
8. The Receiver's independent legal counsel, Torys LLP ("**Torys**"), conducted an independent security review, and on April 22, 2019 opined on the validity, enforceability and priority of the RBC Security. This review concluded that RBC holds valid first ranking security over the Assets and Real Property held by the Debtors.

Terms of reference

9. In preparing this First Report, the Receiver has relied upon unaudited financial information prepared by the Debtors' management ("**Management**"), the Debtors' books and records, and discussions with Management. The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the *Chartered Professional Accountants Canada Handbook* and, accordingly, the Receiver expresses no opinion or other form of assurance in respect of the information. The Receiver may refine or alter its observations as further information is obtained or brought to its attention after the date of this First Report.
10. All dollar amounts in this First Report are in Canadian dollars, unless otherwise indicated.
11. Capitalized terms used in this First Report but not defined herein are as defined in the Receivership Order.

Purpose

12. The purpose of this First Report is to:

- a. Provide the Court with additional information in respect of the Assets and the Real Property;
- b. Provide an update on the administration of the receivership since the Date of Receivership; and
- c. Respectfully recommend that this Honourable Court make orders:
 - i. Approving the reported actions of the Receiver to date in respect of administering these receivership proceedings;
 - ii. Approving the sale of the Real Property and actions taken by the Receiver with respect to the sale of the Real Property as outlined in this First Report;
 - iii. Approving the Mirterra Proposal (defined later in this First Report) to complete the sale of the Equipment (defined later in this First Report) and vesting title of the sold Equipment free and clear of all liens, charges, security interests and other encumbrances in and to the proposed purchasers;
 - iv. Sealing the Confidential Appendices, which include:
 - a. The Equipment Appraisal;
 - b. The Colliers Opinion;
 - c. The Final Offer; and
 - d. The Amending Agreement (all terms defined later in this First Report).
 - v. Authorizing the Receiver, in its discretion, to assign the Companies into bankruptcy to aid in the effective administration of the estates; and
 - vi. Providing such further or other relief that the Court considers just and warranted in the circumstances.

Receiver's activities

13. Since the Date of Receivership, the Receiver has undertaken the following activities:

- a. Attended at the Premises and took possession and control of the Assets located on site;
- b. Retained locksmiths to change the locks at the Premises on the Date of Receivership and again on May 31, 2019;
- c. Terminated all of the AKC and SPS employees effective the Date of Receivership;
- d. Arranged to retain key employees on a contract basis to assist with administrative duties, financial reporting, and locating and securing the Companies' Assets;
- e. Reviewed and analyzed AKC's and SPS's project work-in-progress and costs to complete to identify projects that were economical to complete;
- f. Coordinated with Management and retained former SPS employees to assist with planning and completion of the Alberta Boot Project (defined later in this First Report);
- g. Corresponded with creditors and parties interested in purchasing some or all of the Assets and Real Property;
- h. Coordinated final payroll calculations up to the Date of Receivership and the delivery of records of employment and T4 slips for the purposes of administering amounts due to the employees under the *Wage Earner Protection Program Act* ("**WEPPA**");
- i. Secured the manual and electronic books and records of the Companies;
- j. Arranged continued insurance coverage over the Companies' Assets and added the Receiver as named insured and loss payee on the existing insurance policy;
- k. Arranged for continued service of critical utilities and leased equipment;
- l. Issued a statutory Notice and Statement of the Receiver to all known creditors of the Companies (the "**Notice to Creditors**") pursuant to subsections 245(1) and 246(1) of the *Bankruptcy and Insolvency Act* (Canada). A copy of the Notice to Creditors is attached hereto as Appendix "**A**";
- m. Informed CRA of the receivership and requested new tax accounts for the post-receivership period;
- n. Requested that CRA conduct a pre-receivership audit of the Companies' GST accounts and payroll source deduction accounts;
- o. Opened new trust accounts in the name of the receivership estates to facilitate future receipts and disbursements;
- p. Informed the Companies' customers of the receivership and issued collection letters for the outstanding accounts receivable;
- q. Obtained an appraisal of the SPS and AKC vehicles, equipment, tools and inventory (collectively, the "**Equipment**");

- r. Solicited and analyzed listing proposals for the Real Property from listing agents;
- s. Retained Colliers International ("**Colliers**") as listing agent for the Real Property;
- t. Engaged environmental consultants to complete a Phase I environmental assessment of the Real Property;
- u. Engaged an Alberta Land Surveyor to survey the Real Property and obtain a compliance certificate from the City of Calgary;
- v. Conducted a marketing and sales process in respect of the Real Property (described in more detail later in this First Report);
- w. Negotiated with the Purchaser (defined later in this First Report) with respect to the Real Property;
- x. Solicited auction proposals for the sale of the Equipment from auctioneers;
- y. Reviewed and analyzed the auction proposals;
- z. Reviewed equipment liens, assessed equity positions, and arranged for payout of valid lien holders as appropriate, and coordinated the return of leased and financed Assets with no equity to the valid lien holders;
- aa. Intervened when Mr. Doug Atkins (part of Management) and other former employees (under Mr. Atkins' direction) attempted to remove Assets from the Premises;
- bb. Interviewed Management and the former employees regarding the whereabouts of the Missing Equipment (defined later in this First Report) and missing books and records;
- cc. Filed police reports in connection with theft of certain Equipment and a break-in that occurred at the Premises;
- dd. Reviewed disbursements and arranged for payment, including payment of payroll for the retained contract employees;
- ee. Corresponded with Torys on various legal matters relating to the receivership;
- ff. Corresponded with creditors, key employees, and other of the Companies' stakeholders; and
- gg. Addressed additional matters as they arose from time to time.

Primary assets

The Companies' primary assets as at the Date of Receivership are described below:

Accounts receivable

14. At the Date of Receivership, the Receiver obtained a copy of the Companies' accounts receivable sub-ledger and access to the Companies' accounting software, which indicated that SPS and AKC had accounts receivable of approximately \$1.17 million and \$463,000, respectively.
15. The Companies' records indicated related party accounts receivable totalling approximately \$857,000 comprised of the following:
 - a. Heartwood Tree Care Inc. ("**Heartwood**") is owned 30% by SPS, and owes SPS approximately \$143,000;
 - b. Underworld Environmental Inc. ("**Underworld**") is owned by several holding companies that own shares in SPS and AKC, and owes AKC and SPS approximately \$145,000 and \$445,000 respectively; and
 - c. 204's records included a related party receivable outstanding from SPS for outstanding rent totalling \$124,000.
16. Demand letters were sent to Heartwood and Underworld for the collection of the outstanding accounts receivable. Heartwood and Underworld advised the Receiver verbally that there are no funds available to pay the outstanding amounts. The Receiver continues to pursue the collection of these outstanding accounts.
17. SPS and AKC had approximately \$16,000 and \$29,000, respectively, of unbilled work-in-progress. On April 26, 2019, the Receiver completed invoicing of the unbilled work-in-progress and issued invoices to customers.
18. To date, the Receiver has collected approximately \$183,000 and \$110,000, in respect of the SPS and AKC accounts receivable. As at the date of this First Report, SPS and AKC have aggregate collectable accounts receivable balances totalling approximately \$276,000. The Receiver is taking steps to pursue collection on these remaining outstanding balances.

Equipment

19. At the Date of Receivership, the AKC and SPS owned and leased Equipment were in various locations throughout Alberta and British Columbia. The majority of the Equipment was held at the Companies' various project sites in Calgary.
20. The Equipment consists of approximately 73 owned and financed units with an approximate book value (from the Companies' internal financial statements as of the Date of Receivership) of \$1.7 million. The Equipment includes service trucks, tractors, trailers, excavators, and snow plows used in the various business lines of the Companies.
21. The Companies did not maintain a comprehensive Equipment listing. After its appointment, the Receiver compiled an equipment list using information obtained from personal property registry search results, interviews with Management and the former employees, and a review of the Companies' project boards.

22. Following its appointment, the Receiver sought to consolidate all of the Equipment at the Premises in order to secure same, as well as to make the Equipment accessible for the necessary inspections during the appraisal and auction inspection processes in preparation for the sale of the Equipment.
23. The Receiver engaged Century Services Corp. ("**Century**") to perform an appraisal of the owned and leased Equipment.
24. The appraisal dated May 1, 2019 (the "**Equipment Appraisal**") is based on asset inspections conducted by Century at the Premises, and is attached hereto as Confidential Appendix "**1**".
25. The Receiver and its counsel have reviewed the Asset lease agreements and determined the nature of the lessor's interest in the Asset(s), and whether there is any equity in the specific units. The Receiver has released its interest in the leased Equipment that holds no equity, and those units have been returned to the respective lessors.

The Real Property

26. 204 owns a 4,500 square foot building situated on 2.01 acres of land located at 8916 44 Street SW in Calgary, Alberta. The Real Property is a single tenant industrial building that includes a two storey office building, an attached shop, and storage yard.
27. The Real Property was purchased by 204 in 2018 for \$2.7 million.
28. An Alberta Land Titles Search of the Real Property is attached as Appendix "**B**" to this First Report.
29. Prior to the Date of Receivership, 204 engaged Colliers to perform an appraisal of the Real Property (the "**Real Property Appraisal**") for financing purposes. The Real Property Appraisal valued the Real Property at \$2.8 million. A copy of the Real Property Appraisal dated March 1, 2019, is attached as Appendix "**C**" to this First Report.

Property in Prince Edward Island

30. Upon review of the Companies' books and records, the Receiver discovered a residential property owned by SPS located at 37 Anderson Road, St. Peters, Prince Edward Island (the "**PEI Property**").
31. Despite the numerous meetings and discussions held between Management and the Receiver, Management had not previously disclosed the PEI Property to the Receiver.
32. Based on a review of the provincial property records, the PEI Property is held free and clear by SPS and there are no encumbrances registered on title.
33. On August 1, 2019, the Receiver registered its interest on title to the PEI Property.
34. The Receiver is currently soliciting proposals from listing agents in Prince Edward Island to market and sell the PEI Property, but has been advised on an informal basis that the PEI Property is worth approximately \$120,000 to \$150,000.

Camber Shares

35. During the course of the Receiver's review of the books and records of SPS, it came to the Receiver's attention that SPS entered into a loan agreement with Camber Resource Services Ltd. ("**Camber**") on December 8, 2016 (the "**Camber Loan Agreement**"). A copy of the Camber Loan Agreement is attached as Appendix "**D**" to this First Report.
36. Pursuant to the Camber Loan Agreement, SPS loaned \$200,000 to Camber with interest at 14% per annum on the outstanding balance. Repayment of the principal sum of the loan was due within 90-days of the date of the Camber Loan Agreement. Mr. Doug Atkins, on behalf of SPS, agreed to multiple 60-day rollover extensions of the Camber Loan Agreement.
37. In connection with the Camber Loan Agreement, on December 8, 2016, Camber issued a promissory note in favour of SPS in the amount of \$200,000 with interest at 14% per annum, due March 8, 2017. In further consideration for the loan, Camber agreed to issue 6,000 Class "A" Common Shares in the capital of Camber, dated December 8, 2016. In exchange for SPS's agreement to rollover the Camber Loan Agreement for a period of 60-days, Mr. Atkins was issued an additional 5,000 Class "A" Common Shares for each rollover occurrence.
38. It is the Receiver's understanding that Camber made the following partial loan repayments to SPS:
 - a. Approximately \$28,989 on December 14, 2017 (being \$3,989 in interest, and \$25,000 towards principal); and
 - b. Approximately, \$36,612 on August 21, 2018 (being \$11,612 in interest and \$25,000 towards principal).
39. As such, the outstanding balance on the principal of the loan is \$150,000 and outstanding interest is approximately \$17,260. The Receiver advises that Camber has failed or neglected to pay the remainder of the principal and interest thereon.
40. On June 20, 2019, the Receiver served a demand for payment on Camber for all outstanding amounts payable within 10-days under the Camber Loan Agreement.
41. On July 4, 2019, the Receiver wrote to counsel for Mr. Atkins, demanding that Mr. Atkins provide the Receiver with all Class "A" Common Shares that he was issued by Camber, as those shares should have been issued to SPS, and not to Mr. Atkins personally. Despite following up with Mr. Atkins' counsel on a number of occasions, no response has been provided to the Receiver's demands.
42. On July 12, 2019, the Receiver requested additional financial information from Camber. On August 9, 2019, Camber, through its legal counsel provided selected items from the Receiver's information request. The Receiver and Torys are reviewing available options including petitioning Camber into bankruptcy due to non-payment of the loan.
43. As at the date of this First Report, Camber has not paid any of the outstanding loan amount (principal or interest) to the Receiver.

Primary liabilities

Summary of Primary Liabilities

CAD \$ thousands	Ref.	AKC	SPS	204	Total
Secured creditors					
RBC	#44	\$ 523	524	2,262	3,309
Capital Leases	#45	508	1,268	-	1,776
Total secured creditors		1,031	1,792	2,262	5,085
Unsecured creditors					
Unsecured trade creditors		347	824	103	1,274
Total liabilities		\$ 1,378	2,616	2,365	6,359

44. As at the Date of Receivership, and as noted previously, RBC is the primary secured creditor of the Companies and is owed approximately \$3.31 million. The validity, enforceability, and priority of RBC's security has been reviewed by the Receiver's legal counsel. Torys has advised that RBC's security is valid and registered in first position over the Companies' Real Property and Assets.
45. Other secured creditors include several leasing companies who hold specific security over certain Equipment. The Receiver has reviewed the security agreements in place between the Companies and the respective secured creditors, and has returned certain leased/financed equipment holding no equity.
46. The Receiver requested an audit of the GST and payroll accounts and, to date, and CRA has conducted audits of SPS's GST and SPS's and AKC's payroll accounts. A CRA audit of AKC's GST account remains outstanding. The CRA audit indicates approximately \$299,000 in unremitted payroll source deductions to CRA, and the Companies' books and records indicate approximately \$156,000 in unremitted GST.
47. A total of 52 WEPPA packages were sent to eligible employees. 47 WEPPA claims have been submitted by the former employees. The Receiver estimates a priority claim of approximately \$76,000 payable to Service Canada.
48. The Companies' books and records indicate approximately \$24,000 in arrears to the Workers' Compensation Board.
49. As at the Date of Receivership, the Debtors' unsecured creditors totalled approximately \$1.27 million.

Operations

Ongoing projects

50. In an effort to maximize realizations, the Receiver held numerous meetings with Management and former employees to review the viability of completing certain projects in progress at the Date of Receivership. Based on the criteria provided by the Receiver, five (5) projects (at various stages of completion) were identified as potentially having value, and were subsequently reviewed as a result.
51. Based on the Receiver's analysis and discussions with Management, it was determined that the Receiver would complete only one (1) ongoing SPS project located at 610 – 10 Avenue SW, Calgary, Alberta and 620 – 10 Avenue SW, Calgary Alberta (the "**Alberta Boot Project**"), which was being run by Axiom Builders Inc. ("**Axiom**").
52. On May 8, 2018, the Receiver entered into a construction completion and payment agreement with Axiom (the "**Axiom Agreement**"). A copy of the Axiom Agreement is attached as Appendix "E" to this First Report. The salient terms of the Axiom Agreement are as follows:
- a. The Receiver will complete the outstanding work on the Alberta Boot Project;
 - b. The cost to complete will not exceed \$20,000;
 - c. Axiom will pay \$74,472 to the Receiver upon execution of the Axiom Agreement (the "**Initial Payment**");
 - d. Axiom will pay approximately \$141,065 to four sub-trades;
 - e. Axiom will pay the Receiver a further \$20,000 upon completion of the outstanding work (the "**Completion Payment**"); and
 - f. Axiom will hold a \$30,000 warranty holdback which will be held until December 13, 2020, and applied to any necessary warranty work.
53. The remaining work on the Alberta Boot Project was completed on or around June 4, 2019. The Receiver has collected the Initial Payment and the Completion Payment totalling \$94,472. The Receiver intends to review the warranty holdback after the expiry of the warranty period on December 13, 2020.

Books and records

54. On the Date of Receivership, the Receiver attended the Premises and noted that a significant number of the Companies' computers had been removed, and filing cabinets had been cleared of key documentation. The Receiver requested that Management and the former employees return the missing computers and books and records. Despite having followed up with Management on numerous occasions, only some of the missing items were returned, and the Receiver has reason to believe that a number of items remain outstanding.
55. While the Receiver was provided with access to the Companies' accounting system and document network, it is unclear whether the Companies undertook accurate and regular accounting activities for their respective businesses. The Receiver was unable to locate common documents such as: asset listings, project listings, CRA records, among others. Additionally, the former employees and Management were unable to produce common accounting reports such as an accounts payable listing by project.

Missing assets

56. During the Receiver's initial meeting with Management, we were advised that the Companies did not maintain an up-to-date Equipment listing. As previously discussed, the Receiver compiled an owned and financed Equipment listing consisting of 73 units using information obtained from Alberta Personal Property Registry searches, information saved on the document network, workshop records, and project planning files.
57. At the Date of Receivership, the Receiver secured 31 pieces of equipment which were located at the Premises. A majority of the vehicles, equipment, and tools identified were either in the possession of employees or stored at various jobsites located throughout Alberta and British Columbia.
58. The Receiver engaged several former employees to assist with the return of the Equipment located at these various jobsites, and also requested Management's assistance in retrieving and returning remaining pieces.
59. As at April 8, 2019, an additional 25 pieces of equipment were located and returned to the Premises by the former employees and an additional 6 pieces were returned to the Premises by April 19, 2019.
60. After further discussions with Management regarding the missing equipment, three (3) additional pieces of equipment were returned to the Premises on May 4, 2019 by a member of Management without any explanation or information on their location since the Date of Receivership.
61. On June 26, 2019, a trailer and skid steer were stolen from the Premises and the Receiver filed a police report regarding the theft. On July 2, 2019 the stolen trailer and skid steer were returned to the Premises by a former employee who advised the Receiver that he had been contacted by a former colleague who noted the equipment appeared to be abandoned in a parking lot in an industrial area. No further explanation was provided to the Receiver regarding the circumstances of the theft and subsequent recovery. The Receiver has notified the police and the insurance broker of the recovery of the these two (2) pieces of equipment.
62. The Receiver believes that approximately \$90,000 of equipment consisting of approximately eight (8) units remains missing (the "**Missing Equipment**"), and the Receiver has not received further assistance or explanations from Management.

Security at the premises

63. In exchange for Management's cooperation, the Receiver allowed the directors to utilize the office Premises until May 30, 2019. After this date, locks to the Premises were re-keyed.
64. There have been a number of security incidents at the Premises. The Receiver has filed police reports with respect to three (3) break-ins at the Premises. On June 11, 2019 and June 13, 2019, the front door to the Premises was found open and computers and furniture had been stolen. On June 26, 2019, a trailer and skid steer were removed from the secured yard, as discussed earlier in this First Report.
65. The Receiver has incurred significant costs and has been required to take several steps to address the security incidents, and has installed an alarm system and arranged to have nightly third party security patrols.

Marketing and sales process

Real Property

66. As previously discussed, 204 engaged Colliers to conduct the Real Property Appraisal prior to the Date of Receivership.
67. While the Receiver did not obtain an additional appraisal, the Receiver worked with Colliers on an updated indication of value (the "**Colliers Opinion**"). Colliers has estimated the final sale value to be between \$2.6 million to \$2.75 million (the "**Acceptable Range**") given that the condition of the Real Property has deteriorated, and has assumed a forced sale scenario. The Colliers Opinion is attached as Confidential Appendix "**2**".
68. On or around May 1, 2019, the Receiver invited commercial realtors to submit listing proposals with respect to the Real Property.
69. Prior to the selection of a listing agent, Colliers advised the Receiver informally that it had identified a party interested in purchasing the Real Property. On May 16, 2019, the Receiver entered into a fee agreement with Colliers.
70. On June 3, 2019, the Receiver entered into an offer to purchase and agreement of purchase and sale (the "**June 3 Offer**") with Pit Stop Holdco Ltd. ("**Pit Stop**") for a purchase price within the Acceptable Range. On June 19, 2019, Pit Stop notified the Receiver of its intention to rescind upon the June 3 Offer.
71. After review of the listing proposals, the Receiver awarded the listing to Colliers. Colliers is familiar with the Real Property having recently conducted an appraisal, they are a reputable real estate brokerage with experience in Receivership sales, and their proposed commission rate was competitive.
72. On June 13, 2019, the Receiver entered into a sale listing agreement with Colliers to list the Real Property at a price of \$2.85 million. Colliers has advised that their marketing efforts included website advertising, signage, email announcements to all Calgary area brokers, and circulation of Colliers feature sheets, among others.
73. The Receiver was advised by Colliers that eight (8) interested purchasers were toured through the Real Property. The potential purchasers had expressed common concerns with the Real Property including: small bay size, gravel yard requiring grading and repair, and offices in need of updates and repairs.
74. Despite the concerns, four (4) offers were received with the one from Caputo Developments Ltd. (the "**Purchaser**") being far superior to the others. The Purchaser submitted an offer (the "**Initial Offer**") on July 3, 2019. The Receiver entered into negotiations with the Purchaser, and on July 9, 2019, both parties entered into a offer to purchase and agreement of purchase and sale (the "**Final Offer**"). The Final Offer and summary of critical dates is attached as Confidential Appendix "**3**".
75. Noteworthy terms of the Final Offer are as follows:
 - a. The closing date is October 1, 2019;
 - b. The Real Property is being sold to the Purchaser on an "as is, where is" basis with no representations or warranties; and
 - c. The sale of the Real Property is subject to Court approval.

76. The Purchaser advised that it was unable to secure interim financing for the two (2) month period from the closing of the sale of the Purchaser's existing property and the closing of the sale of the Real Property. In order to facilitate the sale and closing of the Real Property, and to reduce the Receiver's estimated monthly Real Property holding costs of \$10,000 per month, the Receiver agreed to enter into an amending agreement (the "**Amending Agreement**") with the Purchaser on July 29, 2019. The Amending Agreement is attached as Confidential Appendix "4".
77. The Amending Agreement changed the closing date from October 1, 2019 to December 6, 2019 (the "**Lease Period**"), and included a lease agreement between the Purchaser and the Receiver where the Purchaser pays the Receiver market rental rates during the Lease Period.
78. The Purchaser has paid its first and second deposit totalling \$200,000 to the Receiver, and as of August 16, 2019, the Purchaser has waived all its conditions.
79. As part of the negotiation process with respect to the Real Property, the Receiver consulted with Colliers and RBC, and is satisfied that the Final Offer is commercially reasonable in the circumstances. The Colliers Opinion includes an analysis of the Final Offer and opinion of value of the Real Property.
80. Upon the closing of the Real Property sale, the Receiver anticipates that there will be no additional funds available for distribution to unsecured creditors after settlement of outstanding operating expenses, direct disbursements, and RBC's claims.

Auction of the Equipment

81. The Receiver commenced an auction proposal solicitation process and invited auctioneers to submit proposals for auction services with respect to the Equipment.
82. The Receiver reviewed the proposals submitted by the various auction companies. The Receiver accepted the straight commission proposal (the "**Mirterra Proposal**") submitted by Mirterra Corp. ("**Mirterra**"), which is subject to Court approval. Mirterra is an industrial appraisal and auctioneer with locations throughout North America. They are a reputable auctioneer with extensive experience liquidating industrial equipment and vehicles. A summary of the proposal is detailed below:
 - a. Mirterra will charge a straight commission of 2.5% on all proceeds;
 - b. Miterra will charge an expense fee of \$17,000;
 - c. The Receiver will be responsible for clean-up and garbage disposal costs, and the costs will be deducted from the auction proceeds;
 - d. The online auction will be held in September 2019; and
 - e. Miterra will have use of the Premises until September 30, 2019.
83. Based on the Receiver's analysis of the auction proposals received, the Receiver is of the view that acceptance of the Mirterra proposal is commercially reasonable and is most likely to maximize realizations.

Interim statement of receipts and disbursements

84. The interim Statement of Receipts and Disbursements reflecting the administration of the receivership for the period March 19, 2019 to August 9, 2019, is detailed below.

Atkins Kuntz Construction Group Inc., Surface Pro Services Inc. and 2049829 Alberta Inc.					
Interim Statement of Receipts and Disbursements					
For the period March 19, 2019 to August 9, 2019					
Description	AKC	SPS	204	Total	Notes
Receipts					
Cash in bank	\$ 4,549	\$ 9,957	\$ 6,078	\$ 20,584	
Pre-receivership accounts receivable	142,777	77,777	-	220,555	
Post-receivership accounts receivable	3,811	100,143	-	103,954	
Sale of property deposit	-	-	50,000	50,000	
Misc. refunds	5,772	1,748	-	7,520	
Interest	192	269	11	471	
GST collected	191	5,025	-	5,215	
Loan from related estate	-	-	4,143	4,143	
Total receipts	\$ 157,292	\$ 194,918	\$ 60,232	\$ 412,442	
Disbursements					
Operating expenses	\$ 273	\$ 2,436	\$ 4,516	\$ 7,226	
Payroll & employee expenses	-	20,043	-	20,043	1
Lease payments	17,102	42,048	-	59,150	2
Filing fees	70	70	70	210	
Insurance	-	14,469	1,523	15,992	
Appraisal fees	1,620	4,380	-	6,000	
Utilities	-	1,363	3,514	4,877	
GST paid on disbursements	950	2,538	382	3,870	
Loan to related estate	2,200	1,943	-	4,143	
Total disbursements	\$ 22,216	\$ 89,291	\$ 10,005	\$ 121,511	
Excess of receipts over disbursements	\$ 135,076	\$ 105,627	\$ 50,228	\$ 290,931	

Specific notes:

1. Payroll includes reimbursement of expenses incurred by employees and source deductions paid to CRA.
2. Lease payments are for certain leased motor vehicles and equipment which will be sold by the Receiver at auction.

85. As at the date of this First Report, the Receiver has realized sufficient funds from the collection of accounts receivable to meet all operating expenses without having to draw on the Court authorized borrowing facility to fund the receivership proceedings. However, the Receiver anticipates that it will require borrowings of approximately \$200,000 to facilitate the sale of Equipment at auction.

Bankruptcy of the Companies

86. The Receiver anticipates having to investigate potential reviewable transactions involving the Companies, and accordingly, will require a concurrent bankruptcy proceeding in respect of the Debtors, or certain of them, to assist with this review and help facilitate the crystallization of claims. For these reasons, the Receiver recommends that the Court authorize the Receiver to assign the Companies into bankruptcy determined to be necessary and appropriate by the Receiver.
87. The Receiver believes it is appropriate that it be authorized to assign the Companies into bankruptcy for the following reasons:
- a. paragraph 3(h) of the Receivership Order empowers and authorizes the Receiver to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name of the Companies, for any purpose pursuant to the Receivership Order;
 - b. paragraph 29 of the Receivership Order provides that nothing in the Receivership Order shall prevent the Receiver from acting as the trustee in bankruptcy of the Companies;
 - c. the Debtors are currently in receivership and are considered insolvent persons within the meaning of the *Bankruptcy and Insolvency Act (Canada)*, and have failed to meet their respective obligations generally as they became due (in that they have failed to meet their obligations to RBC and other creditors, and such obligations which exceed \$1,000);
 - d. the Debtors are currently indebted to their respective creditors for an aggregate amount of approximately \$6.8 million comprising of both secured and unsecured claims;
 - e. assigning the Companies into bankruptcy will allow for an efficient and orderly wind-down of the estates;
 - f. a bankruptcy of the Companies will allow for the aligning of priority claims and the crystalizing of various creditor claims; and
 - g. RBC supports the Receiver's intention to assign the Debtors into bankruptcy.
88. Deloitte is the Court-appointed Receiver of the Companies and has been administering the receivership of all estates. In this role, Deloitte has been in consultation with various of the Debtors' creditors. Deloitte is knowledgeable with respect to the remaining Assets, properties, undertakings and specific issues facing the Debtors and is well positioned to effectively assume the role as the licensed insolvency trustee for the Companies' estates. Deloitte is not aware of any conflict to act as licensed insolvency trustee for the Debtors and is willing to act in such capacity.

Conclusions and recommendations

89. Based on the foregoing, the Receiver respectfully requests the Court grant an Order:

- a. Approving the reported actions of the Receiver to date in respect of administering these receivership proceedings;
- b. Approving the sale of the Real Property and the actions taken by the Receiver with respect to the sale of the Real Property as outlined in this First Report;
- c. Approving the Mirterra Proposal to complete the sale of the Equipment and vesting title of the sold Equipment free and clear of all liens, charges, security interests and other encumbrances in and to the proposed purchasers;
- d. Sealing the Confidential Appendices, which include:
 - i. The Equipment Appraisal;
 - ii. Colliers Opinion;
 - iii. The Final Offer; and
 - iv. The Amending Agreement.
- e. Authorizing the Receiver, in its discretion, to assign the Companies into bankruptcy to aid in the effective administration of the estates; and
- f. Providing such further or other relief that the Court considers just and warranted in the circumstances.

* * *

All of which is respectfully submitted at Calgary, Alberta this 16th day of August, 2019.

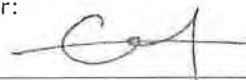
DELOITTE RESTRUCTURING INC.,
solely in its capacity as Court-appointed Receiver and
Manager of Surface Pro Services Inc., Atkins Kuntz
Construction Group Inc., and 2049829 Alberta Inc.,
and not in its personal or corporate capacity

Per:



Ryan Adlington, CPA, CA, CIRP, LIT
Senior Vice-President

Per:



Cassie Poon, CIRP, LIT
Vice-President

APPENDICES

Appendix "A"

District of: Alberta
Division No. 02
Court No. 1901-03824
Estate No.

**FORM 87
NOTICE AND STATEMENT OF THE RECEIVER
(Subsections 245(1) and 246(1) of the Act)**

**In the Matter of the Receivership of
Atkins Kuntz Construction Group Inc.
of the City of Calgary
in the Province of Alberta**

The receiver gives notice and declares that:

1. On the March 19, 2019, Deloitte Restructuring Inc. ("**Deloitte**"), was appointed by the Court of Queen's Bench of Alberta, Judicial District of Calgary (the "**Receivership Order**") as the receiver and manager (the "**Receiver**") of the property Atkins Kuntz Construction Group Inc. (the "**Company**") including, without limitation, of all of the Company's current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situated, including all proceeds thereof (the "**Property**"), as described below:

Description	Book Value (*)
Accounts Receivable	\$ 509,042
Prepaid Deposits	9,887
Automotive	720,416
Office Equipment	6,344
Computer Equipment	2,591
Shop Equipment and Supplies	148,603
Due from Related Party	218,143
Total	\$ 1,615,025

(*) - All book values of the Property are based on preliminary financial information prepared by the Company. The net realizable value of the assets will be significantly lower than the aggregate of the above book value. Deloitte has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information, and accordingly, expresses no opinion or other form of assurance on the information contained herein.

2. As noted above, Deloitte became the Receiver by virtue of the Receivership Order, a copy of which is attached to this Notice as **Schedule "A"**.
3. The Receiver took possession and control of the Property described above on March 19, 2019.

4. The following information relates to the receivership:

- (a) Mailing address: 8916 44 St. SE, Calgary, AB T2C 2P6
- (b) Principal line of business: Landscape contractor
- (c) Location of business: 8916 44 St. SE, Calgary, AB T2C 2P6
- (d) Amount owed to each creditor who holds security on the Property described above:

Creditor	Book Value (**)
Summit Acceptance Corp.	Unknown
Roynat Inc.	Unknown
Royal Bank of Canada	484,421
Business Development Bank of Canada	Unknown
Coast Capital Equipment Finance	Unknown
Trisura Guarantee Insurance Company	Unknown
John Deere Financial Inc.	Unknown
Blue Chip Leasing Corporation	Unknown
1227798 Alberta Ltd	Unknown
Meridian Onecap Credit Corp.	Unknown
Bodkin Leasing Corporation	Unknown
Brandt Finance Ltd.	Unknown
Brandt Tractor Ltd.	Unknown
Bodkin, a Division of Bennington Financial Corp.	Unknown

(**) – All known liability amounts are based on information provided by the Company as at March 19, 2019.

- (e) A list of unsecured creditors based on the Company's books and records is attached to this Notice as **Schedule "B"**.
- (f) The Receiver's intended plan of action during the receivership is to secure and manage the Property and proceed to realize on the Property and optimize realizations
- (g) Contact person for the Receiver:

Joseph Sitholé
Deloitte Restructuring Inc.
700, 850 – 2nd street S.W.
Calgary, AB T2P 0R8
Phone: 1-587-293-3203
Email: josithole@deloitte.ca

Dated at the City of Calgary in the Province of Alberta, this 23rd day of March, 2019.

DELOITTE RESTRUCTURING INC.

In its capacity as the Court-appointed Receiver and Manager
of Atkins Kuntz Construction Group Inc.
and not in its personal or corporate capacity

R J Adlington

Ryan J Adlington CPA, CA, CIRP, LIT
Senior Vice-President
700 Bankers Court, 850 - 2nd Street SW
Calgary AB T2P 0R8
Phone: (403) 261-8135 Fax: (403) 718-3681

SCHEDULE "A"

RECEIVERSHIP ORDER

COURT FILE NUMBER 1901- 03824
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE Calgary
PLANTIFF ROYAL BANK OF CANADA
DEFENDANTS SURFACE PRO SERVICES INC., ATKINS
KUNTZ CONSTRUCTION GROUP INC.,
2049829 ALBERTA INC., DOUGLAS
ATKINS, DAVID KUNTZ and ROGER
LEADER
DOCUMENT RECEIVERSHIP ORDER

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
Robyn Gurofsky
Borden Ladner Gervais LLP
1900, 520 3rd Ave. S.W.
Calgary, AB T2P 0R3
Telephone: (403) 232-9774
Facsimile: (403) 266-1395
Email: rgurofsky@blg.com
File No. 404600.000764



I hereby certify this to be a true copy of
the original Order
Dated this 19 day of March 2019
for Clerk of the Court

DATE ON WHICH ORDER WAS PRONOUNCED: March 19, 2019

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary, Alberta

NAME OF JUSTICE WHO MADE THIS ORDER: The Honourable Justice K. Yamauchi

UPON the Application of the Royal Bank of Canada (the "**Bank**"), in respect of Surface Pro Services Inc. ("**SPS**"), Atkins Kuntz Construction Group Inc. ("**AKC**") and 2049829 Alberta Inc. ("**204**") (SPS, AKC and 204 are collectively referred to herein as the "**Debtor**"); **AND UPON** having read the Application and the Affidavit of Josh Coonan, sworn on March 12, 2019, filed; **AND UPON** having read the consent of Deloitte Restructuring Inc. to act as receiver and receiver-manager (the "**Receiver**") of the Debtor, filed; **AND UPON** hearing counsel for the Bank, and any other interested party present;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. The time for service of the notice of application for this order (the “**Order**”) is hereby abridged and service thereof is deemed good and sufficient.

APPOINTMENT

2. Pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the “**BIA**”), and sections 13(2) of the *Judicature Act*, R.S.A. 2000, c.J-2, and 65(7) of the *Personal Property Security Act*, R.S.A. 2000, c.P-7, Deloitte Restructuring Inc. (the “**Receiver**”) is hereby appointed receiver and receiver-manager, without security, of all of the Debtor’s current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (the “**Property**”).

RECEIVER’S POWERS

3. The Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:
 - (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
 - (b) to receive, preserve and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
 - (c) to manage, operate and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;
 - (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver’s powers and duties, including without limitation those conferred by this Order;

- (e) to purchase or lease machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to or by the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtor;
- (j) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding, and provided further that nothing in this Order shall authorize the Receiver to defend or settle the action in which this Order is made unless otherwise directed by this Court.
- (k) to market any or all the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate.
- (l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any transaction not exceeding \$50,000, provided that the aggregate consideration for all such transactions does not exceed \$250,000; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause,

and in each such case notice under subsection 60(8) of the *Personal Property Security Act*, R.S.A. 2000, c. P-7 or any other similar legislation in any other province or territory shall not be required.

- (m) to apply for any vesting order or other orders (including without limitation, confidentiality or sealing 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;
- (n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (o) to register a copy of this Order and any other orders in respect of the Property against title to any of the Property, and when submitted by the Receiver for registration this Order shall be immediately registered by the Registrar of Land Titles of Alberta, or any other similar government authority, notwithstanding section 191 of the *Land Titles Act*, RSA 2000, c. L-4, or the provisions of any other similar legislation in any other province or territory, and notwithstanding that the appeal period in respect of this Order has not elapsed and the Registrar of Land Titles shall 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;
- (p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;
- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (s) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations;

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. (i) The Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property (excluding Property subject to liens the validity of which is dependent on maintaining possession) to the Receiver upon the Receiver's request.
5. All Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or documents prepared in contemplation of litigation or due to statutory provisions prohibiting such disclosure.
6. If any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or

making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

7. No proceeding or enforcement process in any court or tribunal (each, a “**Proceeding**”), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

8. No Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court, provided, however, that nothing in this Order shall: (i) prevent any Person from commencing a proceeding regarding a claim that might otherwise become barred by statute or an existing agreement if such proceeding is not commenced before the expiration of the stay provided by this paragraph 8; and (ii) affect a Regulatory Body’s investigation in respect of the debtor or an action, suit or proceeding that is taken in respect of the debtor by or before the Regulatory Body, other than the enforcement of a payment order by the Regulatory Body or the Court. “**Regulatory Body**” means a person or body that has powers, duties or functions relating to the enforcement or administration of an Act of Parliament or of the legislature of a province.

NO EXERCISE OF RIGHTS OF REMEDIES

9. All rights and remedies of any Person, whether judicial or extra-judicial, statutory or non-statutory (including, without limitation, set-off rights) against or in respect of the Debtor or the Receiver or affecting the Property are hereby stayed and suspended and shall not be

commenced, proceeded with or continued except with leave of this Court, provided, however, that this stay and suspension does not apply in respect of any "eligible financial contract" (as defined in the BIA), and further provided that nothing in this Order shall:

- (a) empower the Debtor to carry on any business that the Debtor is not lawfully entitled to carry on;
 - (b) prevent the filing of any registration to preserve or perfect a security interest;
 - (c) prevent the registration of a claim for lien; or
 - (d) exempt the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment.
10. Nothing in this Order shall prevent any party from taking an action against the Debtor where such an action must be taken in order to comply with statutory time limitations in order to preserve their rights at law, provided that no further steps shall be taken by such party except in accordance with the other provisions of this Order, and notice in writing of such action be given to the Receiver at the first available opportunity.

NO INTERFERENCE WITH THE RECEIVER

11. No Person shall accelerate, suspend, discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, except with the written consent of the Debtor and the Receiver, or leave of this Court. Nothing in this Order shall prohibit any party to an eligible financial contract (as defined in the BIA) from closing out and terminating such contract in accordance with its terms.

CONTINUATION OF SERVICES

12. All persons having:
- (a) statutory or regulatory mandates for the supply of goods and/or services; or
 - (b) oral or written agreements or arrangements with the Debtor, including without limitation all computer software, communication and other data services,

centralized banking services, payroll services, insurance, transportation, services, utility or other services to the Debtor

are hereby restrained until further order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may be required by the Debtor or exercising any other remedy provided under such agreements or arrangements. The Debtor shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the usual prices or charges for all such goods or services received after the date of this Order are paid by the Debtor in accordance with the payment practices of the Debtor, or such other practices as may be agreed upon by the supplier or service provider and each of the Debtor and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

13. All funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the “**Post Receivership Accounts**”) and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further order of this Court.

EMPLOYEES

14. Subject to employees’ rights to terminate their employment, all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor’s behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*, S.C. 2005, c.47 (“**WEPPA**”).

15. Pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

16. (a) Notwithstanding anything in any federal or provincial law, the Receiver is not personally liable in that position for any environmental condition that arose or environmental damage that occurred:
- (i) before the Receiver's appointment; or
 - (ii) after the Receiver's appointment unless it is established that the condition arose or the damage occurred as a result of the Receiver's gross negligence or wilful misconduct.
- (b) Nothing in sub-paragraph (a) exempts a Receiver from any duty to report or make disclosure imposed by a law referred to in that sub-paragraph.
- (c) Notwithstanding anything in any federal or provincial law, but subject to sub-paragraph (a) hereof, where an order is made which has the effect of requiring the Receiver to remedy any environmental condition or environmental damage affecting the Property, the Receiver is not personally liable for failure to comply with the order, and is not personally liable for any costs that are or would be incurred by any person in carrying out the terms of the order,
- (i) if, within such time as is specified in the order, within 10 days after the order is made if no time is so specified, within 10 days after the appointment of

the Receiver, if the order is in effect when the Receiver is appointed, or during the period of the stay referred to in clause (ii) below, the Receiver:

- A. complies with the order, or
 - B. on notice to the person who issued the order, abandons, disposes of or otherwise releases any interest in any real property affected by the condition or damage;
- (ii) during the period of a stay of the order granted, on application made within the time specified in the order referred to in clause (i) above, within 10 days after the order is made or within 10 days after the appointment of the Receiver, if the order is in effect when the Receiver is appointed, by,
- A. the court or body having jurisdiction under the law pursuant to which the order was made to enable the Receiver to contest the order; or
 - B. the court having jurisdiction in bankruptcy for the purposes of assessing the economic viability of complying with the order; or
- (iii) if the Receiver had, before the order was made, abandoned or renounced or been divested of any interest in any real property affected by the condition or damage.

LIMITATION ON THE RECEIVER'S LIABILITY

17. Except for gross negligence or wilful misconduct, as a result of its appointment or carrying out the provisions of this Order the Receiver shall incur no liability or obligation that exceeds an amount for which it may obtain full indemnity from the Property. Nothing in this Order shall derogate from any limitation on liability or other protection afforded to the Receiver under any applicable law, including, without limitation, section 14.06, 81.4(5) or 81.6(3) of the BIA.

RECEIVER'S ACCOUNTS

18. The Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case, incurred at their standard rates and charges. The Receiver and counsel to the Receiver shall be entitled to the benefits of and are hereby granted a charge

(the "Receiver's Charge") on the Property, which charge shall not exceed an aggregate amount of \$250,000 as security for their professional fees and disbursements, incurred at the normal rates and charges of the Receiver and such counsel, both before and after the making of this Order in respect of these proceedings, and the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, deemed trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person but subject to section 14.06(7), 81.4(4) and 81.6(2) of the BIA.

19. The Receiver and its legal counsel shall pass their accounts from time to time.
20. Prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including the legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

21. The Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$250,000 (or such greater amount as this Court may by further order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, deemed trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges set out in sections 14.06(7), 81.4(4) and 81.6(2) of the BIA.
22. Neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

23. The Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "**Receiver's Certificates**") for any amount borrowed by it pursuant to this Order.
24. The monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.
25. The Receiver shall be allowed to repay any amounts borrowed by way of Receiver's Certificates out of the Property or any proceeds, including any proceeds from the sale of any assets without further approval of this Court.

ALLOCATION

26. Any interested party may apply to this Court on notice to any other party likely to be affected, for an order allocating the Receiver's Charge and Receiver's Borrowings Charge amongst the various assets comprising the Property.

GENERAL

27. The Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
28. Notwithstanding Rule 6.11 of the *Alberta Rules of Court*, unless otherwise ordered by this Court, the Receiver will report to the Court from time to time, which reporting is not required to be in affidavit form and shall be considered by this Court as evidence. The Receiver's reports shall be filed by the Court Clerk notwithstanding that they do not include an original signature.
29. Nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.
30. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any foreign jurisdiction 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 orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status of the Receiver in any foreign proceeding, or to assist the Receiver and its agents in carrying out the terms of this Order.

31. The Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.
32. The Plaintiff shall have its costs of this application, up to and including entry and service of this Order, provided for by the terms of the Plaintiff's security or, if not so provided by the Plaintiff's security, then on a substantial indemnity basis, including legal costs and a solicitor-client full indemnity basis, to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.
33. Any interested party may apply to this Court to vary or amend this Order on not less than 7 days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

FILING

34. The Receiver shall establish and maintain a website in respect of these proceedings at <http://www.insolvencies.deloitte.ca/en-ca/Pages/Search-Insolvencies.aspx> and shall post there as soon as practicable:
 - (a) all materials prescribed by statute or regulation to be made publically available; and
 - (b) all applications, reports, affidavits, orders and other materials filed in these proceedings by or on behalf of the Receiver, or served upon it, except such materials as are confidential and the subject of a sealing order or pending application for a sealing order.
35. 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 or otherwise served with notice of 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;
and
- (b) posting a copy of this Order on the Receiver's Website,
and service on any other person is hereby dispensed with.
36. 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.

" K. Yamauchi "
Justice of the Court of Queen's Bench of Alberta

SCHEDULE "B"**PREFERRED AND UNSECURED CREDITORS**

Preferred and Unsecured Creditors	Amount (\$)
1701442 Alberta Inc.	\$ 16,349.33
Atkins, John	1.00
AGF C&T Rebar Inc.	29,234.26
Andrick Enterprises	6,706.88
Bonnybrook Bolt	77.66
Calgary Heavy Truck & Collision	1,131.05
Cameron, John A	1.00
Christie, Liam	1.00
Davidson Enman Lumber Ltd.	57.12
Doka Canada Ltd.	13,145.07
Doyon, Jean E	1.00
Executive House Suites Hotel	630.00
Four Star Rock Products Ltd.	193,711.27
Francoeur, Rick - Expense	231.00
Francoeur, Rick - Wages	1.00
Fulton, Nancy	1.00
Graham, Keaton A	1.00
Gregg Distributors	303.51
Hard Rock Developments Inc.	1,166.38
Heartwood Tree Care Inc.	472.50
Hilti (Canada) Corporation	5,249.85
Hubert, Chad R	1.00
Jiffy Lube	633.82
Kayed Trucking & Concrete Ltd	2,625.00
Kubba, Hassan	1.00
Kuntz, Tanner J	1.00
LMS Reinforcing Steel Group	11,430.62
Marshall, Michael	1.00
McCullough, Ryan E	1.00
Mcleod Law	7,356.82
Morrison, Scott	1.00
National Concrete Accessories	687.33
Neuman, Dyon	1.00
New West Equipment Services Ltd	343.73
Operator Industrial Training	2,415.42
Oussan - Podgornov, Julia	1.00
Slater, David J	1.00
Razor Straight Foundations Inc	2,480.63
Robertson Bulk Sales CGY Ltd.	7,596.78
Rogers Insurance	375.00
Surface Pro Services Inc.	4,648.95
Tanas Concrete	1,417.50
Tim Kuntz - Expense	1,182.69
Tire Boy Enterprises	225.75
Tire Pirates Inc	31.45
Touchdown Construction Services Corp	2,200.50
Town of Okotoks	160.00

Ultimate Edge Concrete (2018) Ltd.	7,948.50
Underworld	8,788.50
Unicon Concrete Specialties Ltd.	13,445.52
United Rentals	35.92
Veinott, Bob C	1.00
Western Kwik Forms Inc.	434.49
Western Site Services Inc.	1,736.00
Wilson, Trevor	1.00

Total Preferred and Unsecured Creditors \$ 346,684.80

District of: Alberta
Division No. 02
Court No. 1901-03824

Estate No.

**FORM 87
NOTICE AND STATEMENT OF THE RECEIVER
(Subsections 245(1) and 246(1) of the Act)**

**In the Matter of the Receivership of
Surface Pro Services Inc.
of the City of Calgary
in the Province of Alberta**

The receiver gives notice and declares that:

1. On the March 19, 2019, Deloitte Restructuring Inc. ("**Deloitte**"), was appointed by the Court of Queen's Bench of Alberta, Judicial District of Calgary (the "**Receivership Order**") as the receiver and manager (the "**Receiver**") of the property of Surface Pro Services Inc. (the "**Company**") including, without limitation, of all of the Company's current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situated, including all proceeds thereof (the "**Property**"), as described below:

Description	Book Value (*)
Accounts Receivable	\$ 1,321,837
Other Miscellaneous Receivables	148,091
Camber	150,000
Landscaping Equipment	372,598
Automotive	256,682
Furniture and Equipment	73,342
Buildings	40,000
Capital Leases	662,796
Refunds - misc.	9,225
Due from Related Party	606,210
Total	\$ 3,640,782

(*) – All book values of the Property are based on preliminary financial information prepared by the Company. The net realizable value of the assets will be significantly lower than the aggregate of the above book value. Deloitte has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information, and accordingly, expresses no opinion or other form of assurance on the information contained herein.

2. As noted above, Deloitte became the Receiver by virtue of the Receivership Order, a copy of which is attached to this Notice as **Schedule "A"**.
3. The Receiver took possession and control of the Property described above on March 19, 2019.

4. The following information relates to the receivership:

- (a) Mailing address: 8916 44 St. SE, Calgary, AB T2C 2P6
- (b) Principal line of business: Landscape contractor
- (c) Location of business: 8916 44 St. SE, Calgary, AB T2C 2P6
- (d) Amount owed to each creditor who holds security on the Property described above:

Creditor	Book Value (**)
Kempfenfelt Vehicle Leasing, a Division of Equirex Vehicle Leasing 2007	Unknown
General Electric Canada Equipment Finance G.P.	Unknown
Royal Bank of Canada	540,660
Trisura Guarantee Insurance Company	Unknown
John Deere Financial Inc.	Unknown
Meridian Onecap Credit Corp.	Unknown
Blue Chip Leasing Corp.	Unknown
National Leasing Group Inc.	Unknown
CWB National Leasing Inc.	Unknown
Bodkin Leasing Corporation	Unknown
Brandt Finance Ltd.	Unknown
1227798 Alberta Ltd.	Unknown
Calmont Leasing Ltd.	Unknown
Heavy Wrenching Diesel Ltd.	Unknown
Glover International Trucks Ltd.	Unknown
Bodkin, a Division of Bennington Financial Corp.	Unknown

(**) – All known liability amounts are based on information provided by the Company as at March 19, 2019.

- (e) A list of unsecured creditors based on the Company's books and records is attached to this Notice as **Schedule "B"**.
- (f) The Receiver's intended plan of action during the receivership is to secure and manage the Property and proceed to realize on the Property and optimize realizations.
- (g) Contact person for the Receiver:

Joseph Sitholé
Deloitte Restructuring Inc.
700, 850 – 2nd street S.W.
Calgary, AB T2P 0R8
Phone: 1-587-293-3203
Email: josithole@deloitte.ca

Dated at the City of Calgary in the Province of Alberta, this 23rd day of March, 2019.

DELOITTE RESTRUCTURING INC.

In its capacity as the Court-appointed Receiver and Manager
of Surface Pro Services Inc.
and not in its personal or corporate capacity

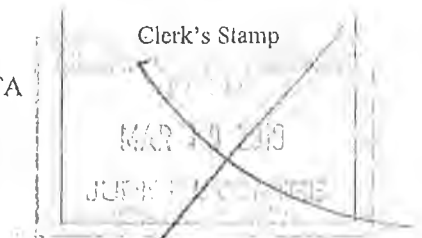


Ryan J Adlington CPA, CA, CIRP, LIT
Senior Vice-President
700 Bankers Court, 850 - 2nd Street SW
Calgary AB T2P 0R8
Phone: (403) 261-8135 Fax: (403) 718-3681

SCHEDULE "A"

RECEIVERSHIP ORDER

COURT FILE NUMBER 1901- 03824
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE Calgary
PLANTIFF ROYAL BANK OF CANADA
DEFENDANTS SURFACE PRO SERVICES INC., ATKINS
KUNTZ CONSTRUCTION GROUP INC.,
2049829 ALBERTA INC., DOUGLAS
ATKINS, DAVID KUNTZ and ROGER
LEADER
DOCUMENT RECEIVERSHIP ORDER



ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
Robyn Gurofsky
Borden Ladner Gervais LLP
1900, 520 3rd Ave. S.W.
Calgary, AB T2P 0R3
Telephone: (403) 232-9774
Facsimile: (403) 266-1395
Email: rgurofsky@blg.com
File No. 404600.000764

I hereby certify this to be a true copy of the original Order
Dated this 19 day of March 2019
for Clerk of the Court

DATE ON WHICH ORDER WAS PRONOUNCED: March 19, 2019

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary, Alberta

NAME OF JUSTICE WHO MADE THIS ORDER: The Honourable Justice K. Yamauchi

UPON the Application of the Royal Bank of Canada (the “**Bank**”), in respect of Surface Pro Services Inc. (“**SPS**”), Atkins Kuntz Construction Group Inc. (“**AKC**”) and 2049829 Alberta Inc. (“**204**”) (SPS, AKC and 204 are collectively referred to herein as the “**Debtor**”); **AND UPON** having read the Application and the Affidavit of Josh Coonan, sworn on March 12, 2019, filed; **AND UPON** having read the consent of Deloitte Restructuring Inc. to act as receiver and receiver-manager (the “**Receiver**”) of the Debtor, filed; **AND UPON** hearing counsel for the Bank, and any other interested party present;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. The time for service of the notice of application for this order (the “**Order**”) is hereby abridged and service thereof is deemed good and sufficient.

APPOINTMENT

2. Pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the “**BIA**”), and sections 13(2) of the *Judicature Act*, R.S.A. 2000, c.J-2, and 65(7) of the *Personal Property Security Act*, R.S.A. 2000, c.P-7, Deloitte Restructuring Inc. (the “**Receiver**”) is hereby appointed receiver and receiver-manager, without security, of all of the Debtor’s current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (the “**Property**”).

RECEIVER’S POWERS

3. The Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:
 - (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
 - (b) to receive, preserve and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
 - (c) to manage, operate and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;
 - (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver’s powers and duties, including without limitation those conferred by this Order;

- (e) to purchase or lease machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to or by the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtor;
- (j) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding, and provided further that nothing in this Order shall authorize the Receiver to defend or settle the action in which this Order is made unless otherwise directed by this Court.
- (k) to market any or all the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate.
- (l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any transaction not exceeding \$50,000, provided that the aggregate consideration for all such transactions does not exceed \$250,000; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause,

and in each such case notice under subsection 60(8) of the *Personal Property Security Act*, R.S.A. 2000, c. P-7 or any other similar legislation in any other province or territory shall not be required.

- (m) to apply for any vesting order or other orders (including without limitation, confidentiality or scaling 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;
- (n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (o) to register a copy of this Order and any other orders in respect of the Property against title to any of the Property, and when submitted by the Receiver for registration this Order shall be immediately registered by the Registrar of Land Titles of Alberta, or any other similar government authority, notwithstanding section 191 of the *Land Titles Act*, RSA 2000, c. L-4, or the provisions of any other similar legislation in any other province or territory, and notwithstanding that the appeal period in respect of this Order has not elapsed and the Registrar of Land Titles shall 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;
- (p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;
- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (s) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations;

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. (i) The Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being “Persons” and each being a “Person”) shall forthwith advise the Receiver of the existence of any Property in such Person’s possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property (excluding Property subject to liens the validity of which is dependent on maintaining possession) to the Receiver upon the Receiver’s request.
5. All Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the “Records”) in that Person’s possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or documents prepared in contemplation of litigation or due to statutory provisions prohibiting such disclosure.
6. If any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or

making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

7. No proceeding or enforcement process in any court or tribunal (each, a “**Proceeding**”), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

8. No Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court, provided, however, that nothing in this Order shall: (i) prevent any Person from commencing a proceeding regarding a claim that might otherwise become barred by statute or an existing agreement if such proceeding is not commenced before the expiration of the stay provided by this paragraph 8; and (ii) affect a Regulatory Body’s investigation in respect of the debtor or an action, suit or proceeding that is taken in respect of the debtor by or before the Regulatory Body, other than the enforcement of a payment order by the Regulatory Body or the Court. “**Regulatory Body**” means a person or body that has powers, duties or functions relating to the enforcement or administration of an Act of Parliament or of the legislature of a province.

NO EXERCISE OF RIGHTS OF REMEDIES

9. All rights and remedies of any Person, whether judicial or extra-judicial, statutory or non-statutory (including, without limitation, set-off rights) against or in respect of the Debtor or the Receiver or affecting the Property are hereby stayed and suspended and shall not be

commenced, proceeded with or continued except with leave of this Court, provided, however, that this stay and suspension does not apply in respect of any “eligible financial contract” (as defined in the BIA), and further provided that nothing in this Order shall:

- (a) empower the Debtor to carry on any business that the Debtor is not lawfully entitled to carry on;
 - (b) prevent the filing of any registration to preserve or perfect a security interest;
 - (c) prevent the registration of a claim for lien; or
 - (d) exempt the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment.
10. Nothing in this Order shall prevent any party from taking an action against the Debtor where such an action must be taken in order to comply with statutory time limitations in order to preserve their rights at law, provided that no further steps shall be taken by such party except in accordance with the other provisions of this Order, and notice in writing of such action be given to the Receiver at the first available opportunity.

NO INTERFERENCE WITH THE RECEIVER

11. No Person shall accelerate, suspend, discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, except with the written consent of the Debtor and the Receiver, or leave of this Court. Nothing in this Order shall prohibit any party to an eligible financial contract (as defined in the BIA) from closing out and terminating such contract in accordance with its terms.

CONTINUATION OF SERVICES

12. All persons having:
- (a) statutory or regulatory mandates for the supply of goods and/or services; or
 - (b) oral or written agreements or arrangements with the Debtor, including without limitation all computer software, communication and other data services,

centralized banking services, payroll services, insurance, transportation, services, utility or other services to the Debtor

are hereby restrained until further order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may be required by the Debtor or exercising any other remedy provided under such agreements or arrangements. The Debtor shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the usual prices or charges for all such goods or services received after the date of this Order are paid by the Debtor in accordance with the payment practices of the Debtor, or such other practices as may be agreed upon by the supplier or service provider and each of the Debtor and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

13. All funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further order of this Court.

EMPLOYEES

14. Subject to employees' rights to terminate their employment, all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*, S.C. 2005, c.47 ("**WEPPA**").

15. Pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

16. (a) Notwithstanding anything in any federal or provincial law, the Receiver is not personally liable in that position for any environmental condition that arose or environmental damage that occurred:
- (i) before the Receiver's appointment; or
 - (ii) after the Receiver's appointment unless it is established that the condition arose or the damage occurred as a result of the Receiver's gross negligence or wilful misconduct.
- (b) Nothing in sub-paragraph (a) exempts a Receiver from any duty to report or make disclosure imposed by a law referred to in that sub-paragraph.
- (c) Notwithstanding anything in any federal or provincial law, but subject to sub-paragraph (a) hereof, where an order is made which has the effect of requiring the Receiver to remedy any environmental condition or environmental damage affecting the Property, the Receiver is not personally liable for failure to comply with the order, and is not personally liable for any costs that are or would be incurred by any person in carrying out the terms of the order,
- (i) if, within such time as is specified in the order, within 10 days after the order is made if no time is so specified, within 10 days after the appointment of

the Receiver, if the order is in effect when the Receiver is appointed, or during the period of the stay referred to in clause (ii) below, the Receiver:

- A. complies with the order, or
 - B. on notice to the person who issued the order, abandons, disposes of or otherwise releases any interest in any real property affected by the condition or damage;
- (ii) during the period of a stay of the order granted, on application made within the time specified in the order referred to in clause (i) above, within 10 days after the order is made or within 10 days after the appointment of the Receiver, if the order is in effect when the Receiver is appointed, by,
- A. the court or body having jurisdiction under the law pursuant to which the order was made to enable the Receiver to contest the order; or
 - B. the court having jurisdiction in bankruptcy for the purposes of assessing the economic viability of complying with the order; or
- (iii) if the Receiver had, before the order was made, abandoned or renounced or been divested of any interest in any real property affected by the condition or damage.

LIMITATION ON THE RECEIVER'S LIABILITY

17. Except for gross negligence or wilful misconduct, as a result of its appointment or carrying out the provisions of this Order the Receiver shall incur no liability or obligation that exceeds an amount for which it may obtain full indemnity from the Property. Nothing in this Order shall derogate from any limitation on liability or other protection afforded to the Receiver under any applicable law, including, without limitation, section 14.06, 81.4(5) or 81.6(3) of the BIA.

RECEIVER'S ACCOUNTS

18. The Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case, incurred at their standard rates and charges. The Receiver and counsel to the Receiver shall be entitled to the benefits of and are hereby granted a charge

(the “Receiver’s Charge”) on the Property, which charge shall not exceed an aggregate amount of \$250,000 as security for their professional fees and disbursements, incurred at the normal rates and charges of the Receiver and such counsel, both before and after the making of this Order in respect of these proceedings, and the Receiver’s Charge shall form a first charge on the Property in priority to all security interests, trusts, deemed trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person but subject to section 14.06(7), 81.4(4) and 81.6(2) of the BIA.

19. The Receiver and its legal counsel shall pass their accounts from time to time.
20. Prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including the legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

21. The Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$250,000 (or such greater amount as this Court may by further order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the “Receiver’s Borrowings Charge”) as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, deemed trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver’s Charge and the charges set out in sections 14.06(7), 81.4(4) and 81.6(2) of the BIA.
22. Neither the Receiver’s Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

23. The Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "**Receiver's Certificates**") for any amount borrowed by it pursuant to this Order.
24. The monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.
25. The Receiver shall be allowed to repay any amounts borrowed by way of Receiver's Certificates out of the Property or any proceeds, including any proceeds from the sale of any assets without further approval of this Court.

ALLOCATION

26. Any interested party may apply to this Court on notice to any other party likely to be affected, for an order allocating the Receiver's Charge and Receiver's Borrowings Charge amongst the various assets comprising the Property.

GENERAL

27. The Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
28. Notwithstanding Rule 6.11 of the *Alberta Rules of Court*, unless otherwise ordered by this Court, the Receiver will report to the Court from time to time, which reporting is not required to be in affidavit form and shall be considered by this Court as evidence. The Receiver's reports shall be filed by the Court Clerk notwithstanding that they do not include an original signature.
29. Nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.
30. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any foreign jurisdiction 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 orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status of the Receiver in any foreign proceeding, or to assist the Receiver and its agents in carrying out the terms of this Order.

31. The Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.
32. The Plaintiff shall have its costs of this application, up to and including entry and service of this Order, provided for by the terms of the Plaintiff's security or, if not so provided by the Plaintiff's security, then on a substantial indemnity basis, including legal costs and a solicitor-client full indemnity basis, to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.
33. Any interested party may apply to this Court to vary or amend this Order on not less than 7 days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

FILING

34. The Receiver shall establish and maintain a website in respect of these proceedings at <http://www.insolvencies.deloitte.ca/en-ca/Pages/Search-Insolvencies.aspx> and shall post there as soon as practicable:
 - (a) all materials prescribed by statute or regulation to be made publically available; and
 - (b) all applications, reports, affidavits, orders and other materials filed in these proceedings by or on behalf of the Receiver, or served upon it, except such materials as are confidential and the subject of a sealing order or pending application for a sealing order.
35. 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 or otherwise served with notice of 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;
and
- (b) posting a copy of this Order on the Receiver's Website,
and service on any other person is hereby dispensed with.

36. 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.

" K. Yamauchi "

Justice of the Court of Queen's Bench of Alberta

SCHEDULE "B"**PREFERRED AND UNSECURED CREDITORS**

Preferred and Unsecured Creditors	Amount (\$)
1101731 Alberta Limited - Pierre	\$ 178.50
1750501 Alberta Ltd	4,846.15
1931798 Alberta Ltd.	26,250.00
2049829 Alberta Inc	24,000.00
Acklands-Grainger Inc	27.71
AJ Wrought Iron Security & Ornamental Ltd.	32,051.25
Arns Equipment	330.40
Atkins, Charli	1.00
Atkins Kuntz Construction Group	71,621.85
Atkins, McKenzi	1.00
Atkins, Taylor	1.00
Atkins, William	1.00
BDI	9,943.50
Blue Grass Ltd	54,151.16
Brandt Tractor Ltd	5,207.95
Brock White Canada Company	29,230.88
Bron & Sons Nursery Co.	23,990.43
Burnco Landscape Centres	44,987.42
Burnett, Dale	1.00
Bryden, Patrick M.	1.00
Calgary Heavy Truck & Collision	1,668.69
Calgary Mat & Linen Services	94.10
Calgary Towmasters	456.23
Consolidated Turf Equipment	135.65
Eagle Lake Landscape Supply	3,205.36
Edwards, Sabrina	1.00
EMCO Waterworks	178.09
FedEx	44.47
FireBall Courier	22.06
Fotie, Jay D.	1.00
Fraser, Anthony S.	1.00
Fuhrer, Christopher J.	1.00
G4S Secure Solutions Ltd	1,522.50
GIT Landscape Supplies Inc.	22,287.00
Glover International Trucks Ltd.	2,618.60
Government of Alberta	68.00
Gregg Distributors Ltd.	5,620.08
Harris, Shaun M.	1.00
Hey, Taylor R.	1.00
Herc Rentals Inc.	13,503.41
High View Services Ltd	29,479.01
Home Depot	629.37
Inline Fabrication Ltd	26.25
Jiffy Lube	1,396.30
John Deere Financial	19,825.26
Johnston, Trina L.	1.00
Keeping, Jenny M.	1.00

Kevin Hirsch Enterprises Ltd	4,717.77
Kiwi Irrigation Ltd.	54,666.21
Krahn, Sadie	1.00
Krich, Alexandra N.	1.00
Landry, William B.	1.00
Landscape Forms Inc.	12,544.35
Lowe's Home Improvement	5,544.68
Mande, Seleman I.	1.00
Meridian	798.20
Mobile Air Climate Control Services Ltd	296.63
NAPA Foothills	1,678.46
NATS Nursery Ltd.	32,830.65
Nicholson, Aaron	1.00
Northwest Landscape Supply Ltd	3,073.28
Octaviano, Sandy G.	1.00
Perreault, Kory M.	1.00
Plantscape Inc.	4,615.69
Portray The Look	9,771.88
Prestige Pop-Up Sprinklers	84.00
R & R Landscapes Inc	25,372.00
Rankin, Ross A.	1.00
Renton, Dave K.	1.00
Ribbon Revival	295.79
Robertson Bulk	20,847.34
Rogers Insurance Ltd.	23,476.00
Rogers Rent-All	822.15
Rona Revy Inc.	6,684.18
Rubicon Loam Services	3,402.00
Scase & Partners Professional Accountants	8,925.00
Sims, Cherrie L.	1.00
SiteOne Landscape Supply	22,550.57
SMS Equipment Inc	18.77
Stackhouse, Nathan	1.00
STS Services Inc	12,058.32
T&T Woodworks	67,055.01
Telus	966.79
Telus Mobility	2,213.97
The City of Calgary (Finance)	4,891.00
The City of Calgary (Waste & Recycling)	707.93
The Fence Store	60,111.12
Thomas, Isaiah B.	1.00
Tire Pirates	943.60
Underworld Environmental Inc.	2,583.00
Vandenberg, John E.	1.00
Workaware Corp.	99.75
Xenex Enterprises Inc.	31.50

Total Preferred and Unsecured Creditors

\$ 824,302.22

District of: Alberta
Division No. 02
Court No. 1901-03824
Estate No.

**FORM 87
NOTICE AND STATEMENT OF THE RECEIVER
(Subsections 245(1) and 246(1) of the Act)**

**In the Matter of the Receivership of
2049829 Alberta Inc.
of the City of Calgary
in the Province of Alberta**

The receiver gives notice and declares that:

1. On the March 19, 2019, Deloitte Restructuring Inc. ("**Deloitte**"), was appointed by the Court of Queen's Bench of Alberta, Judicial District of Calgary (the "**Receivership Order**") as the receiver and manager (the "**Receiver**") of the property of 2049829 Alberta Inc. (the "**Company**") including, without limitation, of all of the Company's current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situated, including all proceeds thereof (the "**Property**"), as described below:

Description	Book Value (*)
Accounts Receivable	\$ 124,000
Buildings	2,847,857
Due from Related Party	4,000
Total	\$ 2,975,857

(*) – All book values of the Property are based on preliminary financial information prepared by the Company. The net realizable value of the assets will be significantly lower than the aggregate of the above book value. Deloitte has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information, and accordingly, expresses no opinion or other form of assurance on the information contained herein.

2. As noted above, Deloitte became the Receiver by virtue of the Receivership Order, a copy of which is attached to this Notice as **Schedule "A"**.
3. The Receiver took possession and control of the Property described above on March 19, 2019.

4. The following information relates to the receivership:

- (a) Mailing address: 8916 44 St. SE, Calgary, AB T2C 2P6
- (b) Principal line of business: Landscape contractor
- (c) Location of business: 8916 44 St. SE, Calgary, AB T2C 2P6
- (d) Amount owed to each creditor who holds security on the Property described above:

Creditor	Book Value (**)
Royal Bank of Canada	\$ 2,243,204.81
Total Secured Creditor	\$ 2,243,204.81

(**) – All known liability amounts are based on information provided by the Company as at March 19, 2019.

- (e) A list of unsecured creditors based on the Company's books and records is attached to this Notice as **Schedule "B"**.
- (f) The Receiver's intended plan of action during the receivership is to secure and manage the Property and proceed to realize on the Property and optimize realizations.
- (g) Contact person for the Receiver:

Joseph Sitholé
Deloitte Restructuring Inc.
700, 850 – 2nd street S.W.
Calgary, AB T2P 0R8
Phone: 1-587-293-3203
Email: josithole@deloitte.ca

Dated at the City of Calgary in the Province of Alberta, this 23rd day of March, 2019.

DELOITTE RESTRUCTURING INC.

In its capacity as the Court-appointed Receiver and Manager
of 2049829 Alberta Inc.
and not in its personal or corporate capacity



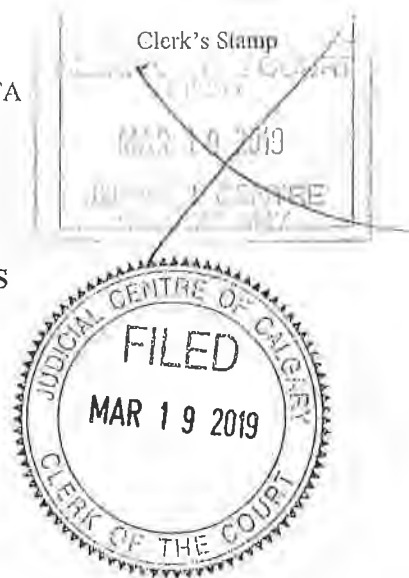
Ryan J Adlington CPA, CA, CIRP, LIT
Senior Vice-President
700 Bankers Court, 850 - 2nd Street SW
Calgary AB T2P 0R8
Phone: (403) 261-8135 Fax: (403) 718-3681

SCHEDULE "A"

RECEIVERSHIP ORDER

COURT FILE NUMBER 1901- 03824
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE Calgary
PLANTIFF ROYAL BANK OF CANADA
DEFENDANTS SURFACE PRO SERVICES INC., ATKINS
KUNTZ CONSTRUCTION GROUP INC.,
2049829 ALBERTA INC., DOUGLAS
ATKINS, DAVID KUNTZ and ROGER
LEADER
DOCUMENT RECEIVERSHIP ORDER

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
Robyn Gurofsky
Borden Ladner Gervais LLP
1900, 520 3rd Ave. S.W.
Calgary, AB T2P 0R3
Telephone: (403) 232-9774
Facsimile: (403) 266-1395
Email: rgurofsky@blg.com
File No. 404600.000764



I hereby certify this to be a true copy of the original order
Dated this 19 day of March 2019
for Clerk of the Court

DATE ON WHICH ORDER WAS PRONOUNCED: March 19, 2019

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary, Alberta

NAME OF JUSTICE WHO MADE THIS ORDER: The Honourable Justice K. Yamauchi

UPON the Application of the Royal Bank of Canada (the "**Bank**"), in respect of Surface Pro Services Inc. ("**SPS**"), Atkins Kuntz Construction Group Inc. ("**AKC**") and 2049829 Alberta Inc. ("**204**") (SPS, AKC and 204 are collectively referred to herein as the "**Debtor**"); **AND UPON** having read the Application and the Affidavit of Josh Coonan, sworn on March 12, 2019, filed; **AND UPON** having read the consent of Deloitte Restructuring Inc. to act as receiver and receiver-manager (the "**Receiver**") of the Debtor, filed; **AND UPON** hearing counsel for the Bank, and any other interested party present;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. The time for service of the notice of application for this order (the “**Order**”) is hereby abridged and service thereof is deemed good and sufficient.

APPOINTMENT

2. Pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the “**BIA**”), and sections 13(2) of the *Judicature Act*, R.S.A. 2000, c.J-2, and 65(7) of the *Personal Property Security Act*, R.S.A. 2000, c.P-7, Deloitte Restructuring Inc. (the “**Receiver**”) is hereby appointed receiver and receiver-manager, without security, of all of the Debtor’s current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (the “**Property**”).

RECEIVER’S POWERS

3. The Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:
 - (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
 - (b) to receive, preserve and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
 - (c) to manage, operate and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;
 - (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver’s powers and duties, including without limitation those conferred by this Order;

- (e) to purchase or lease machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to or by the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtor;
- (j) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding, and provided further that nothing in this Order shall authorize the Receiver to defend or settle the action in which this Order is made unless otherwise directed by this Court.
- (k) to market any or all the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate.
- (l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any transaction not exceeding \$50,000, provided that the aggregate consideration for all such transactions does not exceed \$250,000; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause,

and in each such case notice under subsection 60(8) of the *Personal Property Security Act*, R.S.A. 2000, c. P-7 or any other similar legislation in any other province or territory shall not be required.

- (m) to apply for any vesting order or other orders (including without limitation, confidentiality or sealing 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;
- (n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (o) to register a copy of this Order and any other orders in respect of the Property against title to any of the Property, and when submitted by the Receiver for registration this Order shall be immediately registered by the Registrar of Land Titles of Alberta, or any other similar government authority, notwithstanding section 191 of the *Land Titles Act*, RSA 2000, c. L-4, or the provisions of any other similar legislation in any other province or territory, and notwithstanding that the appeal period in respect of this Order has not elapsed and the Registrar of Land Titles shall 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;
- (p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;
- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (s) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations;

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. (i) The Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being “Persons” and each being a “Person”) shall forthwith advise the Receiver of the existence of any Property in such Person’s possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property (excluding Property subject to liens the validity of which is dependent on maintaining possession) to the Receiver upon the Receiver’s request.
5. All Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the “Records”) in that Person’s possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or documents prepared in contemplation of litigation or due to statutory provisions prohibiting such disclosure.
6. If any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or

making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

7. No proceeding or enforcement process in any court or tribunal (each, a “**Proceeding**”), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

8. No Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court, provided, however, that nothing in this Order shall: (i) prevent any Person from commencing a proceeding regarding a claim that might otherwise become barred by statute or an existing agreement if such proceeding is not commenced before the expiration of the stay provided by this paragraph 8; and (ii) affect a Regulatory Body’s investigation in respect of the debtor or an action, suit or proceeding that is taken in respect of the debtor by or before the Regulatory Body, other than the enforcement of a payment order by the Regulatory Body or the Court. “**Regulatory Body**” means a person or body that has powers, duties or functions relating to the enforcement or administration of an Act of Parliament or of the legislature of a province.

NO EXERCISE OF RIGHTS OF REMEDIES

9. All rights and remedies of any Person, whether judicial or extra-judicial, statutory or non-statutory (including, without limitation, set-off rights) against or in respect of the Debtor or the Receiver or affecting the Property are hereby stayed and suspended and shall not be

commenced, proceeded with or continued except with leave of this Court, provided, however, that this stay and suspension does not apply in respect of any "eligible financial contract" (as defined in the BIA), and further provided that nothing in this Order shall:

- (a) empower the Debtor to carry on any business that the Debtor is not lawfully entitled to carry on;
- (b) prevent the filing of any registration to preserve or perfect a security interest;
- (c) prevent the registration of a claim for lien; or
- (d) exempt the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment.

10. Nothing in this Order shall prevent any party from taking an action against the Debtor where such an action must be taken in order to comply with statutory time limitations in order to preserve their rights at law, provided that no further steps shall be taken by such party except in accordance with the other provisions of this Order, and notice in writing of such action be given to the Receiver at the first available opportunity.

NO INTERFERENCE WITH THE RECEIVER

11. No Person shall accelerate, suspend, discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, except with the written consent of the Debtor and the Receiver, or leave of this Court. Nothing in this Order shall prohibit any party to an eligible financial contract (as defined in the BIA) from closing out and terminating such contract in accordance with its terms.

CONTINUATION OF SERVICES

12. All persons having:
- (a) statutory or regulatory mandates for the supply of goods and/or services; or
 - (b) oral or written agreements or arrangements with the Debtor, including without limitation all computer software, communication and other data services,

centralized banking services, payroll services, insurance, transportation, services, utility or other services to the Debtor

are hereby restrained until further order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may be required by the Debtor or exercising any other remedy provided under such agreements or arrangements. The Debtor shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the usual prices or charges for all such goods or services received after the date of this Order are paid by the Debtor in accordance with the payment practices of the Debtor, or such other practices as may be agreed upon by the supplier or service provider and each of the Debtor and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

13. All funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further order of this Court.

EMPLOYEES

14. Subject to employees' rights to terminate their employment, all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*, S.C. 2005, c.47 ("**WEPPA**").

15. Pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

16. (a) Notwithstanding anything in any federal or provincial law, the Receiver is not personally liable in that position for any environmental condition that arose or environmental damage that occurred:
- (i) before the Receiver's appointment; or
 - (ii) after the Receiver's appointment unless it is established that the condition arose or the damage occurred as a result of the Receiver's gross negligence or wilful misconduct.
- (b) Nothing in sub-paragraph (a) exempts a Receiver from any duty to report or make disclosure imposed by a law referred to in that sub-paragraph.
- (c) Notwithstanding anything in any federal or provincial law, but subject to sub-paragraph (a) hereof, where an order is made which has the effect of requiring the Receiver to remedy any environmental condition or environmental damage affecting the Property, the Receiver is not personally liable for failure to comply with the order, and is not personally liable for any costs that are or would be incurred by any person in carrying out the terms of the order,
- (i) if, within such time as is specified in the order, within 10 days after the order is made if no time is so specified, within 10 days after the appointment of

the Receiver, if the order is in effect when the Receiver is appointed, or during the period of the stay referred to in clause (ii) below, the Receiver:

- A. complies with the order, or
 - B. on notice to the person who issued the order, abandons, disposes of or otherwise releases any interest in any real property affected by the condition or damage;
- (ii) during the period of a stay of the order granted, on application made within the time specified in the order referred to in clause (i) above, within 10 days after the order is made or within 10 days after the appointment of the Receiver, if the order is in effect when the Receiver is appointed, by,
- A. the court or body having jurisdiction under the law pursuant to which the order was made to enable the Receiver to contest the order; or
 - B. the court having jurisdiction in bankruptcy for the purposes of assessing the economic viability of complying with the order; or
- (iii) if the Receiver had, before the order was made, abandoned or renounced or been divested of any interest in any real property affected by the condition or damage.

LIMITATION ON THE RECEIVER'S LIABILITY

17. Except for gross negligence or wilful misconduct, as a result of its appointment or carrying out the provisions of this Order the Receiver shall incur no liability or obligation that exceeds an amount for which it may obtain full indemnity from the Property. Nothing in this Order shall derogate from any limitation on liability or other protection afforded to the Receiver under any applicable law, including, without limitation, section 14.06, 81.4(5) or 81.6(3) of the BIA.

RECEIVER'S ACCOUNTS

18. The Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case, incurred at their standard rates and charges. The Receiver and counsel to the Receiver shall be entitled to the benefits of and are hereby granted a charge

(the "Receiver's Charge") on the Property, which charge shall not exceed an aggregate amount of \$250,000 as security for their professional fees and disbursements, incurred at the normal rates and charges of the Receiver and such counsel, both before and after the making of this Order in respect of these proceedings, and the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, deemed trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person but subject to section 14.06(7), 81.4(4) and 81.6(2) of the BIA.

19. The Receiver and its legal counsel shall pass their accounts from time to time.
20. Prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including the legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

21. The Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$250,000 (or such greater amount as this Court may by further order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, deemed trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges set out in sections 14.06(7), 81.4(4) and 81.6(2) of the BIA.
22. Neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

23. The Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.
24. The monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.
25. The Receiver shall be allowed to repay any amounts borrowed by way of Receiver's Certificates out of the Property or any proceeds, including any proceeds from the sale of any assets without further approval of this Court.

ALLOCATION

26. Any interested party may apply to this Court on notice to any other party likely to be affected, for an order allocating the Receiver's Charge and Receiver's Borrowings Charge amongst the various assets comprising the Property.

GENERAL

27. The Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
28. Notwithstanding Rule 6.11 of the *Alberta Rules of Court*, unless otherwise ordered by this Court, the Receiver will report to the Court from time to time, which reporting is not required to be in affidavit form and shall be considered by this Court as evidence. The Receiver's reports shall be filed by the Court Clerk notwithstanding that they do not include an original signature.
29. Nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.
30. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any foreign jurisdiction 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 orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Receiver in any foreign proceeding, or to assist the Receiver and its agents in carrying out the terms of this Order.

31. The Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.
32. The Plaintiff shall have its costs of this application, up to and including entry and service of this Order, provided for by the terms of the Plaintiff's security or, if not so provided by the Plaintiff's security, then on a substantial indemnity basis, including legal costs and a solicitor-client full indemnity basis, to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.
33. Any interested party may apply to this Court to vary or amend this Order on not less than 7 days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

FILING

34. The Receiver shall establish and maintain a website in respect of these proceedings at <http://www.insolvencies.deloitte.ca/en-ca/Pages/Search-Insolvencies.aspx> and shall post there as soon as practicable:
 - (a) all materials prescribed by statute or regulation to be made publically available; and
 - (b) all applications, reports, affidavits, orders and other materials filed in these proceedings by or on behalf of the Receiver, or served upon it, except such materials as are confidential and the subject of a sealing order or pending application for a sealing order.
35. 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 or otherwise served with notice of 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;
and
- (b) posting a copy of this Order on the Receiver's Website,
and service on any other person is hereby dispensed with.
36. 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.

" K. Yamauchi "
Justice of the Court of Queen's Bench of Alberta

SCHEDULE "B"

PREFERRED AND UNSECURED CREDITORS

Unsecured Creditors	Amount (\$)
Rogers Insurance Ltd	\$ 2,471.00
Surface Pro Services Inc.	124,227.48
Total Unsecured Creditors	<u>\$ 126,698.48</u>

Appendix "B"



LAND TITLE CERTIFICATE

S
LINC SHORT LEGAL TITLE NUMBER
0036 250 934 1412150;33;2 181 029 838

LEGAL DESCRIPTION
PLAN 1412150
BLOCK 33
LOT 2
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 0.814 HECTARES (2.01 ACRES) MORE OR LESS

ESTATE: FEE SIMPLE
ATS REFERENCE: 4;29;23;22;NW

MUNICIPALITY: CITY OF CALGARY

REFERENCE NUMBER: 141 256 334

REGISTRATION	DATE (DMY)	REGISTERED OWNER(S) DOCUMENT TYPE	VALUE	CONSIDERATION
181 029 838	06/02/2018	TRANSFER OF LAND	\$2,700,000	CASH & MORTGAGE

OWNERS

2049829 ALBERTA INC.
OF 8916 - 44 STREET SE
CALGARY
ALBERTA T2C 2P6

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
771 147 064	20/10/1977	ZONING REGULATIONS SUBJECT TO CALGARY INTERNATIONAL AIRPORT ZONING REGULATIONS
811 066 062	14/04/1981	CAVEAT CAVEATOR - THE CITY OF CALGARY
181 029 839	06/02/2018	MORTGAGE MORTGAGEE - ROYAL BANK OF CANADA

(CONTINUED)

REGISTRATION
NUMBER DATE (D/M/Y) PARTICULARS

36 YORK MILLS RD, 4TH FLR.
TORONTO
ONTARIO M2P0A4
ORIGINAL PRINCIPAL AMOUNT: \$2,295,000

TOTAL INSTRUMENTS: 003

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN
ACCURATE REPRODUCTION OF THE CERTIFICATE OF
TITLE REPRESENTED HEREIN THIS 12 DAY OF AUGUST,
2019 AT 09:09 A.M.

ORDER NUMBER: 37786726

CUSTOMER FILE NUMBER: 02577423-AKC



END OF CERTIFICATE

THIS ELECTRONICALLY TRANSMITTED LAND TITLES PRODUCT IS INTENDED
FOR THE SOLE USE OF THE ORIGINAL PURCHASER, AND NONE OTHER,
SUBJECT TO WHAT IS SET OUT IN THE PARAGRAPH BELOW.

THE ABOVE PROVISIONS DO NOT PROHIBIT THE ORIGINAL PURCHASER FROM
INCLUDING THIS UNMODIFIED PRODUCT IN ANY REPORT, OPINION,
APPRAISAL OR OTHER ADVICE PREPARED BY THE ORIGINAL PURCHASER AS
PART OF THE ORIGINAL PURCHASER APPLYING PROFESSIONAL, CONSULTING
OR TECHNICAL EXPERTISE FOR THE BENEFIT OF CLIENT(S).

Appendix "C"



Colliers
INTERNATIONAL

Full Narrative Appraisal

Industrial Building
8916 - 44 Street SE
Calgary, Alberta
March 1, 2019

Prepared For
Doug Atkins
Surface Pro Services Inc.

Prepared By
Oliver Cunningham
Associate Calgary
Valuation & Advisory Services

900 Royal Bank Building 335 - 8th Avenue SW
Calgary, Alberta
www.colliers.com

MAIN 403-265-9180
FAX 403-237-7567



Our File: CGY190115/153867

March 13, 2019

Surface Pro Services Inc.
3303 - 57th Avenue SE
Calgary, Alberta T2C 0B2

Attention: Doug Atkins

Dear Mr. Atkins;

**Re: Full Narrative Appraisal of Industrial Building
8916 - 44 Street SE, Calgary, Alberta**

In accordance with your request, we have inspected the above property and have carried out an analysis in order to estimate its current market value as is. Based on our investigations, it is our opinion that the current market value as is of the fee simple interest in the property, as at March 1, 2019, is estimated to be as follows:

**Two Million Eight Hundred Thousand Dollars
\$2,800,000**

The above value estimate is predicated on an exposure period of three to six months assuming the basis of a transaction involving cash to the vendor. This report describes the methods and approaches to value in support of the conclusion and contains the pertinent data gathered in our investigation of the market.

Should you have any questions, we would be pleased to discuss the valuation further.

Yours very truly,

COLLIERS INTERNATIONAL REALTY ADVISORS INC.

A handwritten signature in black ink, appearing to read "Mark Berestiansky".

Mark Berestiansky CPA, CMA, AACI, P.App
Managing Director, Calgary

A handwritten signature in black ink, appearing to read "Oliver Cunningham".

Oliver Cunningham, B.Comm
Associate, Calgary





Table of Contents

Executive Summary	1
Terms of Reference	1
Property Data	6
Neighbourhood Overview	7
Site Description	9
Land Use / Zoning	11
Description of the Improvements	12
Market Overview	15
Economic Overview – Canada	15
Economic Overview – Alberta	16
Economic Overview – Calgary	17
Q4 2018 Calgary Industrial Overview	18
Valuation	23
Valuation Methodology	24
Direct Comparison Approach	26
Income Approach	37
Reconciliation and Final Estimate of Value	47
Appendices	48
Appendix A Contingent and Limiting Conditions	
Appendix B Definitions	
Appendix C Certificate of Title	
Appendix D Land Use / Zoning	
Appendix E Comparable Sales	
Appendix F Certification	





Industrial Property, 8916 - 44th Street SE, Calgary, Alberta

Executive Summary



Industrial Building
8916 - 44 Street SE
Calgary, Alberta



Final Value Estimate
\$2,800,000

Property Information

Property Type	Industrial / Office Warehouse	Size	Occupied (100.0%)	9,464
Year Built	1980		Vacant (0.0%)	0
Quality / Condition	Good / Good		Total	9,464
			Office Area (39.7%)	3,755
Site Area (acres)	2.01		Clear Height	22 feet
Density	0.11		Loading Dock	No
Excess Density	Yes		Grade	Yes; 6
Land Use/Zoning	I-G		Rail	No

Value Conclusion

Final Value Estimate	\$2,800,000
Effective Date	March 1, 2019
Value per SF	\$296

Valuation Summary

Direct Comparison Approach	\$2,825,000
Income Approach	
Direct Income Capitalization	\$2,775,000

Direct Income Capitalization

Market Rent per SF	\$18.75
Stabilized Net Operating Income	\$174,801
Vacancy Allowance	0.00%
Contingency Allowance	1.00%
Overall Capitalization Rate	6.25%
Stabilized Value	\$2,800,000
Adjustments	(25,000)
Adjusted Value As Is	\$2,775,000
Value per SF	\$293

Direct Comparison Approach

Concluded Range (per SF)	\$295 to \$305
Size (SF)	9,464
Initial Value	\$2,850,000
Adjustments	(25,000)
Adjusted Value As Is	\$2,825,000
Value per SF	\$298





Industrial Property, 8916 - 44th Street SE, Calgary, Alberta

Sales Indices

Investment Sales

Index No.	Property Name Property Address	Year Built Size (SF) Site Area (Acres)	Sale Date Sale Price Sale Price / SF	NOI NOI / SF SOCR
1	Multi-Tenant Industrial Building 41 Royal Vista Drive NW Calgary, Alberta	2010 36,915 1.98	30-Oct-18 \$8,500,000 \$230	\$535,649 \$14.51 6.30%
2	Industrial Building 4711 - 13 street NE Calgary, Alberta	1974 24,000 1.37	26-Jul-17 \$3,500,000 \$146	\$229,983 \$9.58 6.57%
3	Encore Metals Building 7805 - 51 Street SE Calgary, Alberta	1981 30,082 1.69	5-May-17 \$3,475,000 \$116	\$238,607 \$7.93 6.87%
4	Fleetbrake Building 8010 - 44th Street SE Calgary, Alberta	1995 23,000 3.02	10-Jan-17 \$5,000,000 \$217	\$340,497 \$14.80 6.81%

SOCR based on 0.00% Vacancy Allowance and 1.00% Contingency Provision

Direct Comparison Sales

Index No.	Property Name Property Address	Year Built Size (SF) Site Area (Acres)	Sale Date Sale Price Sale Price / SF
1	Foothills Industrial 5716 - 35th Street S.E. Calgary, Alberta	1979 8,951 0.56	16-Jan-19 \$2,160,000 \$241
2	Foothills Industrial 10504 - 42nd Street S.E. Calgary, Alberta	2006 6,182 0.85	21-Dec-18 \$2,000,000 \$324
3	Office Warehouse Buildings 4720 - 78 Avenue SE Calgary, Alberta	1982 9,600 0.75	28-Nov-18 \$2,400,000 \$250
4	Industrial Warehouse 5472 - 56 Avenue SE Calgary, Alberta	1996 13,700 1.25	14-Sep-18 \$2,800,000 \$204
5	Industrial Property 64 Technology Way SE Calgary, Alberta	2012 17,862 4.35	28-Apr-18 \$4,800,000 \$269

File Reference: CGY190115/153867



Industrial Property, 8916 - 44th Street SE, Calgary, Alberta

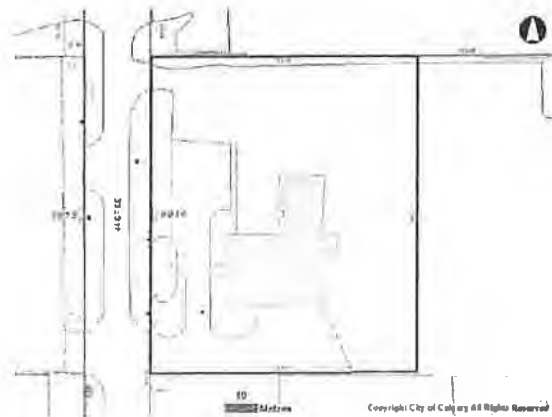
Maps



City of Calgary Map



Location Map



Site Plan

File Reference: CGY190115/153867



Industrial Property, 8916 - 44th Street SE, Calgary, Alberta

Photographs of Subject Property



Industrial Property, 8916 - 14th Street SE, Calgary, Alberta





Terms of Reference

Purpose and Intended Use of Report

The purpose of this valuation is to estimate the current market value of the property described herein.

This appraisal is provided on a confidential basis and for the sole and exclusive use by Surface Pro Services Inc. for financing only and any third party use of or reliance on this Appraisal Report or any materials prepared by Colliers International Realty Advisors Inc., is strictly prohibited, except to the extent that Colliers International Realty Advisors Inc. has provided prior permission in writing, such permission to be provided or withheld in Colliers International Realty Advisors Inc.'s sole and exclusive discretion. In the event that Colliers International Realty Advisors Inc. has provided said permission Surface Pro Services Inc. shall ensure and be responsible for notifying the third party in writing that it should not rely on the Appraisal Report and any use by such third party of the Appraisal Report or any materials prepared by Colliers International Realty Advisors Inc. shall be at its own risk and that Colliers International Realty Advisors Inc. makes no representations or warranties of any kind. Notwithstanding anything to the contrary, Colliers International Realty Advisors Inc. shall not owe any duty to any third party with respect to the Appraisal Report. Surface Pro Services Inc. shall indemnify, defend and hold harmless Colliers International Realty Advisors Inc. for any and all claims, liabilities, damages, costs and expenses (including court costs and reasonable legal fees) in connection with or arising out of any breach of this Agreement by Surface Pro Services Inc. or any unauthorized use or reliance by third parties of the Appraisal Report or any materials prepared by Colliers International Realty Advisors Inc.

Property Rights

The property rights appraised are those of the fee simple estate. The fee simple estate is defined as "absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."

Effective Date

The effective date of this valuation is March 1, 2019.

This Appraisal Report is prepared in the context of the market conditions and other factors (including assumptions and/or materials provided by parties and sources outside of the control of Colliers Realty Advisors Inc.) prevailing as of the effective date. Real estate markets and assets are subject to significant volatility and change; and can be affected by numerous economic and





Industrial Property 89 C - 44th Street SE, Calgary, Alberta

political conditions as well as other conditions. The value contained (if any) in this Appraisal Report is made as of the effective date only and should not be relied on as of any other date without receiving prior written authorization from Colliers International Realty Advisors Inc. Colliers International Realty Advisors Inc. cannot be held liable for any errors in the information that was provided by third parties or by Doug Atkins of Surface Pro Services Inc.. The Appraisal Report must be used in its entirety and any reliance on any portion of the appraisal report independent of others may lead to erroneous conclusions.

Inspection Date

An interior and exterior inspection of the property was conducted on March 1, 2019 by Oliver Cunningham. Mark Berestiansky did not inspect the subject property.

Market Value Definition

For the purposes of this valuation, market value is defined as:

"The most probable price which a property should bring in a competitive and open market as of the specified date under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition are the consummation of a sale as of the specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in Canadian Dollars or in financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."

(The Appraisal Institute of Canada "Canadian Uniform Standards of Professional Appraisal Practice". 2016 ed., p. 100-101)

Exposure Time

An estimate of market value is related to the concept of reasonable exposure time. Exposure time is the property's estimated marketing time prior to a hypothetical sale at market value on the effective date of the appraisal. Reasonable exposure time is a necessary element of a market value definition but is not a prediction of a specific date of sale.

The market value estimated herein is predicated on an exposure



Industrial Property 89 C - 44th Street SE, Calgary, Alberta

period of three to six months.

Marketing Time

Marketing time is an estimate of the amount of time it most likely would require to sell an interest in real property at its estimated market value during the period immediately after the effective date of the appraisal.

Based on discussions with brokers familiar with the local market, an analysis of recent transactions, and the prevailing conditions of the local real estate market, a marketing time of three to six months from the effective date of the appraisal would be required to sell the subject property at its estimated market value.

Scope of the Valuation

This is a **Full Narrative Appraisal Report** and complies with the reporting requirements set forth under the Canadian Uniform Standards of Professional Appraisal Practice. As such, all relevant material is provided in this report including the discussion of appropriate data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Additional supporting documentation concerning the data, reasoning, and analyses are retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated herein.

During the course of preparing this valuation, the following was completed:

- A personal inspection of the property
- This valuation has been prepared on the basis summary financial and operating data provided directly to us by our client, in both hard copy and electronic form. It is assumed herein that this information, and specifically that relating to the financial performance of the property described herein, is accurate. This assumption is critical to the value estimate contained herein and the authors of this report, and Colliers International Realty Advisors Inc. reserves the right to amend our estimate(s) in whole or in part should the foregoing not be the case.
- A review of available data regarding the local market
- Verification of current land use and zoning regulations
- A review of sales and listing data on comparable properties
- Interview(s) with market participants

Contingent and Limiting Conditions

The report is subject to the Contingent and Limiting Conditions set forth herein in addition to any specific assumptions that may be stated in the body of the report.





Industrial Property 8916 - 44th Street SE, Calgary, Alberta

Extraordinary Limiting Conditions Within the appraisal of the property referred to herein, no Extraordinary Limiting Conditions were invoked.

Extraordinary Assumptions We have relied on information provided to us by our client with respect to the status of ownership, physical attributes of the property and environmental condition of the site. The assumptions stated herein are critical to the value estimate contained herein and the authors of this report and Colliers International Realty Advisors Inc. reserve the right to amend our estimates should any of these assumptions be altered in whole or in part.

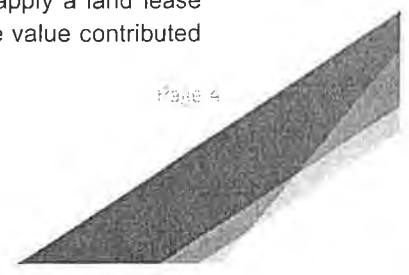
We have not undertaken a detailed soil analysis, and as we are not qualified to comment on soil conditions, we have assumed that there are no contaminants affecting the site. However, a full environmental assessment would be required for certainty and any cost of remedy should be deducted from the reported value herein. The sub-soil is assumed to be similar to other lands in the area and suitable in drainage qualities and load bearing capacity to support the existing development.

In addition to the foregoing, within the appraisal of the property described herein, the following Extraordinary Assumptions have been employed:

As of the effective date of this assignment, the property was owner occupied and encumbered by non-arms length leases. For the purpose of the Income Approach to valuation we have assumed that the property is 100% leased at the current market rates as of the effective date to a hypothetical tenant. We have also assumed that all free rent periods have expired and that all leasing commissions and tenant improvement costs have been incurred. Should this not be the case we reserve the right to amend our value estimate.

The property is presently improved with a heated & powered spring structure that is approximately 2,865 square feet. This structure is not included in the GLA, however the utility it provides has been considered herein as an adjustment to value based on the estimated depreciated replacement cost of the structure.

Note, the subject property features a 2.01-acre site with drive through capabilities. The subject building represents a 9,464 SF building, indicating an atypically low site coverage of 11%. For the purposes of the Income Approach, we have elected to stabilize the site coverage of the property at 40% and apply a land lease rent to the excess land to adequately reflect the value contributed





Industrial Property, 8910 - 44th Street SE, Calgary, Alberta

by the site

Photographs, maps, diagrams, etc. are included for the sole purpose of illustration and serve to assist the reader in visualizing the property. It is assumed that the use of the land and improvements is within the boundaries of the property described, and that there is no encroachment or trespass unless otherwise noted.





Industrial Property, 8916 - 44th Street SE, Calgary, Alberta

Property Data

Municipal Address	8916 - 44 Street SE, Calgary, Alberta										
Legal Description	Plan 1412150 Block 33 Lot 2 Excepting Thereout All Mines and Minerals Area 0.814 Hectares (2.01 Acres) More or Less										
Property Rights	This valuation pertains to the fee simple interest in the property described herein.										
Encumbrances	The property has several charges registered against title. For the purposes of this analysis, the instruments registered against the title(s) to the property are assumed not to have a significant effect on the property's marketability or its market value. For greater certainty a legal opinion should be solicited for a full explanation of the effects of these encumbrances. The property has been valued as if free and clear of any financing. A copy of the property title has been included in the addenda for further reference.										
Ownership / Sale History	Ownership of the property last transferred on February 6, 2018. According to the information available, the current owner, 2049829 Alberta Inc., acquired the property from 1768934 Alberta Ltd. for the reported consideration of \$2,700,000. This transaction was believed to have occurred at arm's length; no atypical conditions were known to have influenced the transaction. According to the information provided or available, the property is not currently offered for sale nor is it subject to any current agreement or option.										
Realty Taxes / Assessment	<table border="0"> <tr> <td>Roll No.</td> <td>202048054</td> </tr> <tr> <td>Total Assessment</td> <td>\$2,120,000</td> </tr> <tr> <td>per SF</td> <td>\$224.00</td> </tr> <tr> <td>Total Levy</td> <td>\$56,484</td> </tr> <tr> <td>per SF</td> <td>\$5.97</td> </tr> </table>	Roll No.	202048054	Total Assessment	\$2,120,000	per SF	\$224.00	Total Levy	\$56,484	per SF	\$5.97
Roll No.	202048054										
Total Assessment	\$2,120,000										
per SF	\$224.00										
Total Levy	\$56,484										
per SF	\$5.97										

Relative to the value estimated herein, the above assessment appears to be low. Notwithstanding this, we recommend a full review be conducted on the assessment to ensure both equity and accuracy.



Industrial Property, 8916 - 44th Street SE, Calgary, Alberta

Neighbourhood Overview



The property is situated in the good quality industrial district known as South Foothills Industrial. South Foothills Industrial is located approximately 7 kilometres southeast of Calgary's central business district.

District Boundaries

- | | | |
|-------|---|--------------------------|
| North | • | Glenmore Trail SE |
| South | • | Canadian Pacific Railway |
| East | • | 52nd Street SE |
| West | • | Canadian Pacific Railway |

Adjacent Districts

- | | | |
|-------|---|-----------------------|
| North | • | Foothills Industrial |
| South | • | Eastlake Industrial |
| East | • | Section 23 Industrial |
| West | • | Riverbend Residential |





Industrial Property, 8916 - 44th Street SE, Calgary, Alberta

Major Arterials & Access

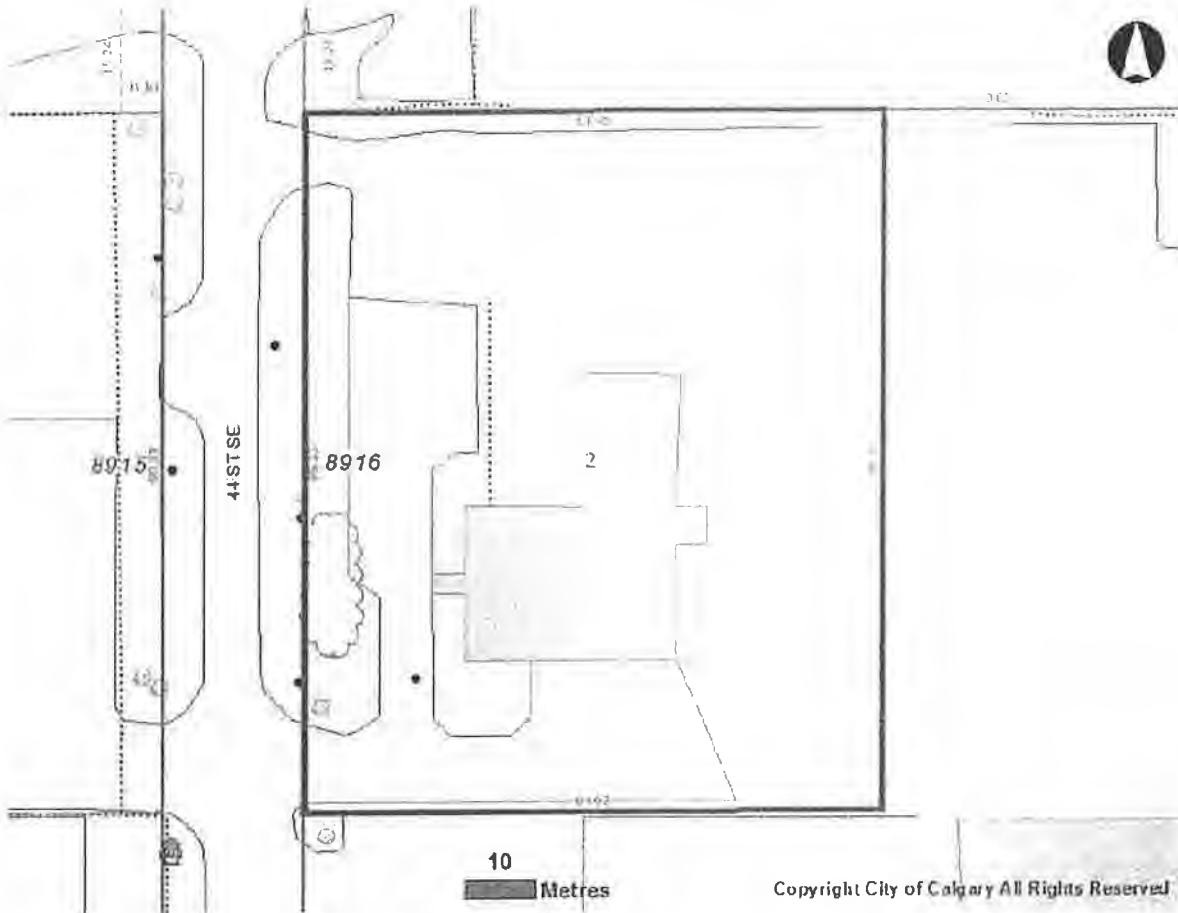
- | | | |
|-----------|---|---|
| Access | • | General access to the neighbourhood is considered to be good. |
| Arterials | • | Glenmore Trail SE |
| | • | 52nd Street SE |
| | • | 90 Avenue SE |

Summary

South Foothills Industrial Park is competitively located in close proximity to the major arterial roadways of Glenmore Trail and Barlow Trail. This district features great access onto Deerfoot Trail via Barlow Trail. South Foothills is rail serviced and provides an extensive spur line network to facilitate rail loading.

The land use classification within South Foothills Industrial Park is primarily I-G, Industrial General, with limited DC (Direct Control) parcels. The district is occupied by primarily single and multi-tenant developments oriented towards transportation based industries and distribution warehousing.

Site Description



Area	The site comprises a total area of 2.01 acres, more or less.
Frontage	320 feet, more or less, onto 44 Street SE
Configuration	The site is essentially regular in its configuration
Land Use Classification (Zoning)	The property is currently classified I-G
Access	Overall access to the property is considered to be good.
Density/Site Coverage	The site has been developed to a 0.11 times density.

Note, the subject property features an atypically low site coverage of 11%. For the purposes of the Income Approach, we have elected to stabilize the site coverage of the property at 40% (See





Industrial Property, 8916 - 44th Street SE, Calgary, Alberta

Extraordinary Assumption)

Services

The site is partially serviced.

Topography

The site's topography is level.

Soil Conditions

See Extraordinary Assumptions.

Summary

The site provides good access and good exposure characteristics and no adverse influences are visually apparent. We have not undertaken a detailed soil analysis, and as we are not qualified to comment on soil conditions, we have assumed that there are no contaminants affecting the site. However, a full environmental assessment would be required for certainty and any cost of remedy should be deducted from the reported value herein. The sub-soil is assumed to be similar to other lands in the area and suitable in drainage qualities and load bearing capacity to support the existing development.



Land Use / Zoning



Land Use Classification

According to the relevant land use / zoning bylaw, the property is currently classified I-G.

Current Use

As of the effective date of this report the subject property is developed with an industrial office warehouse improvement.

Compliance

The property appears to conform to the requirements of the land use bylaw, however, if specific reliance on this information is required, written confirmation from the municipality should be obtained.



Description of the Improvements

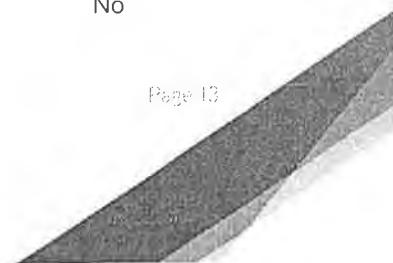


Property Type	Single Tenant Industrial B Class Office Warehouse		
No. of Stories / Buildings	One Storey / One Building		
Size	Warehouse	5,709 SF	60.3%
	Office	<u>3,755 SF</u>	<u>39.7%</u>
	Gross Leaseable Area	<u>9,464 SF</u>	100.0%
	Mezzanine	Yes (2,267 SF*)	
	* included in GLA		
Clear Height	The clear height in the warehouse area(s) is estimated at 22 feet clear to the underside of the structural joists.		
Year Built	The improvements to the property were originally constructed in 1980. There have been no known expansions or substantial additions to the improvements since the date of original construction.		
Quality & Condition	The property represents good quality construction in good overall condition.		
Foundation	While not fully visible, the subject building is assumed to be constructed with a cast-in-place concrete slab-on-grade foundation.		



Industrial Property 89 C - 4th Street St., Calera, Alabama

Superstructure	The superstructure consists of a structural steel framework with concrete block load-bearing walls.	
Exterior Walls	The exterior of the subject property is predominantly clad in concrete block with stone finishing along with commercial grade glazing units.	
Roof	The roof system consists of open web steel joists supporting a steel roof deck and an insulated built-up membrane complete with a gravel ballast covering.	
Windows / Doors	The doors within the subject consist of a combination of single glazed units in aluminum frames, hollow metal doors within hollow metal frames, insulated sectional metal overhead doors, and hollow core wood doors within metal frames. Windows are fixed insulated glass units within prefinished aluminum frames.	
Interior Finishing	<p>The interior areas have been demised to accommodate the specific needs of the owner occupier. Typical office interior finishing includes painted gypsum board on assumed steel framing, suspended acoustic tile ceiling finish, with a combination of commercial sheet vinyl, ceramic tile, or commercial grade broadloom flooring.</p> <p>The warehouse are generally unfinished and comprise suspended fluorescent lighting, open web steel joists supporting a corrugated steel roof deck.</p>	
Heating/Cooling	HVAC is provided by a series of roof top heating and cooling units in the office portion of the building. Suspended gas heaters are present in the shop area.	
Life Safety / Security	No sprinkler system is noted during the interior inspection.	
Lighting (Warehouse)	Lighting to the warehouse area is by way of ceiling mounted metal halide fixtures.	
Power	The electrical service is assumed to be adequate for the current and anticipated requirements of the building.	
Cranes	None	
Truck Marshalling	The truck marshalling areas, with respect to size and configuration, are considered to be good for the property's current use.	
Loading Doors	Grade	Yes; 6
	Dock	No
	Rail	No





Industrial Property 8916 - 44th Street SE, Calgary, Alberta

Parking There is adequate parking provision for the subject property via a surface level lot at the front of the property.

Design and Functionality The improvements provide good overall functional utility.

Age/Life Analysis Subject to the above description and the comments below, following is a summary age / life analysis.

Actual Age	39 years
Effective Age	20 years
Economic Life	60 years
Remaining Economic Life	40 years

Comments The property is in good overall condition and free from any visible deferred maintenance that would significantly impact the property's market value or its marketability. However, no building condition reports were provided to the writer. It is assumed that all mechanical equipment is in adequate working condition, has been maintained in a professional manner, and that no atypical capital expenses are required.



Market Overview

Economic Overview – Canada

Canada has the world's 38th largest population and the world's second largest land mass. The country's population is dispersed among 10 provinces and 3 territories with nearly 90% of its people living within 160 kilometers of the United States border. Canada consistently receives a top fifteen Human Development Index ranking and a top twenty ranking for GDP (nominal) per capita.



Canada's economy consistently receives a top twelve world ranking. International trade makes up a large part of Canada's economy, with the United States as its largest trading partner followed by the European Union and China. Key Canadian exports include petroleum, automobiles and auto parts, precious metals, machinery including computers, wood, electrical machinery, aircraft and spacecraft, pharmaceuticals and aluminum. More recently, Canada's high knowledge industries of manufacturing, business services, engineering and computer and management services have received a top ten global knowledge economy ranking from the World Bank Institute.

Canada						
Economic Indicators	2017	2018	2019	2020	2021	2022
Real GDP (2007 \$ millions)	1,856,263	1,890,060	1,924,504	1,960,483	1,994,956	2,030,898
<i>percentage change</i>	3.0	1.8	1.8	1.9	1.8	1.8
Total employment (000s)	18,421	18,635	18,828	19,030	19,232	19,437
<i>percentage change</i>	1.9	1.2	1.0	1.1	1.1	1.1
Unemployment rate (%)	6.3	5.7	5.6	5.6	5.5	5.5
Personal Income per Capita (\$)	47,341	48,575	49,705	50,960	52,334	53,772
Population (000s)	36,657	37,120	37,531	37,947	38,365	38,780
<i>percentage change</i>	1.2	1.3	1.1	1.1	1.1	1.1
Single-family housing starts (000s)	76.8	75.1	73.3	68.7	65.6	62.5
Multi-family housing starts (000s)	142.8	136.8	135.1	134.5	136.4	137.8
Retail Sales (\$ millions)	580,828	606,451	624,576	642,981	662,263	682,296
<i>percentage change</i>	7.1	3.0	3.0	2.9	3.0	3.0
CPI (base year: 2002=1.0)	1.304	1.336	1.360	1.386	1.414	1.443
<i>percentage change</i>	1.6	2.4	1.9	1.9	2.0	2.0

Metropolitan Outlook 3: Economic Insights: Into 13 Canadian Metropolitan Economies – Fall 2018. Ottawa: The Conference Board of Canada, 2018

Canada's economy has been doing well in 2018, but there are challenges that will slow growth in the short term. The finalization of the USMCA free trade agreement should help to increase export volumes over the next year, after they have faced low growth recently. The unemployment rate remains near record lows, but consumer spending is slowing due to high debt levels, rising interest rates, and other pressures. Non-energy business investment is expected to have a very strong year, with a slow-down anticipated from 2019. The energy sector is facing problems with pipeline capacity, due to issues with Trans Mountain, and this is inhibiting growth in the industry. Housing demand has been tempered by debt, interest rates and new federal stress test on mortgages.



Economic Overview – Alberta

The Province of Alberta is Canada's fourth most populous province. Alberta is landlocked with the British Columbia to the west, Saskatchewan to the east, Northwest Territories to the north and the United States to the south. Alberta's capital city is Edmonton, while Calgary as its largest city. Combined, these two cities account for over 75% of Alberta's population.



Alberta's economy, the fourth largest in Canada, is based on its petroleum, agriculture, forestry and tourism industries. They are Canada's largest producer of conventional crude oil, synthetic crude, natural gas and gas products as well as one of the largest petrochemical producers in North America. In total, Alberta's energy revenues exceed \$100 billion with energy exports totaling over \$90 billion. Meanwhile, the province's agricultural sector includes nearly one half of all Canadian beef as well as wheat and canola production as its primary crops. Northern Alberta is home to the province's forestry industry which produces large quantities of lumber, oriented strand board plywood, bleached wood pulp and newsprint. Lastly, tourism continues to contribute to Alberta's economy with Banff, Jasper and the Rocky Mountains welcoming over three million visitors annually.

Province of Alberta						
Economic Indicators	2017	2018	2019	2020	2021	2022
Real GDP (2007 \$ millions)	308,715	317,452	323,334	330,516	338,705	345,743
<i>percentage change</i>	6.2	2.8	1.9	2.2	2.5	2.1
Total employment (000s)	2,289	2,328	2,354	2,388	2,426	2,458
<i>percentage change</i>	1.0	1.7	1.1	1.4	1.6	1.3
Unemployment rate (%)	7.8	6.6	6.2	5.8	5.7	5.5
Personal Income per Capita (\$)	55,453	57,368	58,936	60,751	62,715	64,609
Population (000s)	4,281	4,332	4,389	4,450	4,513	4,577
<i>percentage change</i>	1.2	1.2	1.3	1.4	1.4	1.4
Single-family housing starts (000s)	14.0	13.1	13.5	14.8	14.9	14.8
Multi-family housing starts (000s)	15.5	13.6	14.6	16.4	16.7	16.6
Retail Sales (\$ millions)	80,901	82,905	84,889	87,377	90,223	92,752
<i>percentage change</i>	7.7	2.5	2.4	2.9	3.3	2.8
CPI (base year: 2002=1.0)	1.373	1.398	1.429	1.457	1.487	1.517
<i>percentage change</i>	1.5	1.9	2.2	2.0	2.0	2.0

Metropolitan Outlook 1: Economic Insights into 13 Canadian Metropolitan Economies – Spring 2018. Ottawa: The Conference Board of Canada, 2018

While Alberta's economic growth is expected to slow in 2018 but should still mark a full recovery from what was lost during the recession. Wages and household disposable income are expected to rise, as is the employment rate although it is still below the pre-recession low. Alberta's main industry, the energy sector, is expecting to see modest growth this year and next, while other investments remain weak. This is expected to shift with the expansion of the Nova Gas Transmission system and Keystone XL project. Housing starts in 2017 were elevated, due to the necessary rebuilding in Fort McMurray after the fires and are expected to be lower for 2018.

Economic Overview – Calgary

Calgary is the Province of Alberta's largest city and forms the centre of the Calgary Census Metropolitan Areas, Canada's fifth largest urban area. The city is situated within the province's southern section at the confluence of the Bow and Elbow Rivers. Calgary has been consistently ranked as the one of the world's top five most livable cities by the Economist and one of world's cleanest cities by Forbes Magazine. Calgary's CMA consists of nine municipalities interconnected by the Trans-Canada Highway and Provincial Highways.



Calgary is Canada's energy capital and Western Canada's financial capital. The city has the second-highest concentration of head offices in Canada (behind Toronto) and the most head offices per capita. Annually, Calgary's oil, gas and mining contribute 12% of the city's GDP while its financial sector consistently receives a top 40 Global Financial Index rating by A/yen. The city's other key industries include financial services, film and TV, transportation and logistics, technology, manufacturing and more.

Calgary CMA						
Economic Indicators	2017	2018	2019	2020	2021	2022
Real GDP (2007 \$ millions)	120,315	123,858	126,755	129,936	133,592	136,849
<i>percentage change</i>	6.3	2.9	2.3	2.5	2.8	2.4
Total employment (000s)	830	853	865	876	892	906
<i>percentage change</i>	3.3	2.9	1.4	1.3	1.8	1.6
Unemployment rate (%)	8.5	7.3	6.6	6.0	5.8	5.6
Personal Income per Capita (\$)	63,651	65,438	66,975	68,562	70,493	72,327
Population (000s)	1,489	1,514	1,540	1,567	1,594	1,622
<i>percentage change</i>	1.8	1.7	1.7	1.7	1.7	1.8
Total Housing Starts	11,534	10,014	10,509	11,969	12,100	11,967
Retail Sales (\$ millions)	31,965	32,758	33,702	34,788	36,040	37,181
<i>percentage change</i>	8.1	2.5	2.9	3.2	3.6	3.2
CPI (base year: 2002=1.0)	1.378	1.403	1.434	1.463	1.492	1.522
<i>percentage change</i>	1.6	1.8	2.2	2.0	2.0	2.0

Metropolitan Outlook 1: Economic Insights into 13 Canadian Metropolitan Economies – Spring 2018. Ottawa: The Conference Board of Canada, 2018.

Calgary's unemployment rate is expected to continue to fall as the entire province recovers from the recession. Oil prices are expected to continue to rise, aiding Calgary's primary and utilities sector. All declines from 2015 and 2016 will be fully recouped, and record industry output is expected in this year's projections. Further gains in oil expected to be gradual, but growth will still be occurring. Housing and office starts are both quite slow, leading to a construction sector trying to regain its footing, and a very high office vacancy rate. However, the University of Calgary is refurbishing the MacKimmie Tower and Block, and the upgrade on the Crowchild Trail continues. Both are expected to be complete by 2021-2022. Finally, there is a new Cancer Centre expected to be completed in 2023. In the residential market, there is still a high stock of unsold units, especially in apartments, and this is expected to remain the same for the short term due to competition in the market, interest rates and new federal regulations.



Q4 2018 Calgary Industrial Overview

ABOUT OUR RESEARCH

In order to provide the most accurate and up-to-date market information, each quarter all 12 of our Colliers agents specializing in Calgary's industrial market gather to recap, debrief, and analyze the current status and future of the market. This process includes tracking the number of buildings in each sub-market, confirming the vacancy status of each active listing, tracking all sale and lease transactions, as well as all other information we deem relevant for the industrial market. On a daily basis, each member of our team is cultivating and gathering market knowledge by working with landlords, tenants, developers, and all other active participants in Calgary's industrial real estate landscape. The information is then analyzed and shared amongst our agents, as well as our market intelligence team, to be stored in our database. Our in-house database has over 20 years of industrial building information and transaction history, and is updated daily by our market intelligence team to reflect the current state of the market. Our market analysis and forecasts for future activity are based on this data, in addition to the over 50 years of combined experience in Calgary's industrial market our team represents. Colliers is dedicated to providing all of our partners and clients with unparalleled service and accurate market information is a crucial aspect of doing that.

INDUSTRIAL MARKET OVERVIEW

The Calgary industrial market finished off a full year of continual growth and increased activity throughout the fourth quarter of 2018, as key market indicators continued to show improvement. 2018 was predominately characterized by the resurgence of the development cycle and renewed confidence in the Calgary industrial market, as exemplified by the increase in large-bay leasing activity by groups like MC Commercial, Uni-Select, and Kuehne + Nagel, who all completed significant lease transactions in 2018. Calgary is continuing to attract more medium-to-large-bay users as the city further establishes itself as a major western Canadian distribution hub.

Vacancy continued to decline during the fourth quarter of 2018 and currently sits at 4.86%, down 8 basis points from 4.94% in the third quarter of 2018. This marks the ninth consecutive quarter that vacancy has decreased, dating back to the fourth quarter of 2016. Another indicator of strong growth in Calgary's industrial market was the $\pm 960,528$ square feet of positive net absorption experienced in the fourth quarter of 2018. Significant lease transactions that contributed to the large positive absorption were a new manufacturing company leasing $\pm 88,194$ square feet from Triovest Realty Advisors in the Eastlake Industrial district, and Master Group leasing $\pm 66,501$ square feet in Balzac from Fiera Properties bringing their building to 100% leased.

Sales activity remained strong during the fourth quarter of 2018 with a variety of owner/users and investors purchasing industrial assets. Two of the most notable owner/user sale transactions were the sale of the former $\pm 162,724$ square foot Sanjel Energy Services facility in Eastlake to Valard Construction, as well as the sale of the former $\pm 82,066$ square foot National Oilwell Varco building in Valleyfield to Rising Edge Technologies.

Two significant speculative development projects reached completion by the end of the fourth quarter of 2018, both of which are located in the northeast market. ONE Properties completed construction of Building B in their StoneGate Industrial development, which totaled $\pm 608,823$ square feet, and Bandera Ventures' $\pm 121,165$ square foot building in Freeport also reached completion. Although there was $\pm 747,630$ square feet of new supply added to the Calgary industrial market this quarter, there is still $\pm 3,045,094$ square feet under construction, with the majority anticipated to reach completion by the second half of 2019. Sustained leasing activity in all bay sizes has made it possible for vacancy to continue to drop, even with the significant amount of new speculative supply entering the market.

Land sales remained steady in the fourth quarter of 2018, as inner city land that is development-ready remains highly sought-after. Multiple parcels of land transacted in the Jacksonport area to a variety of



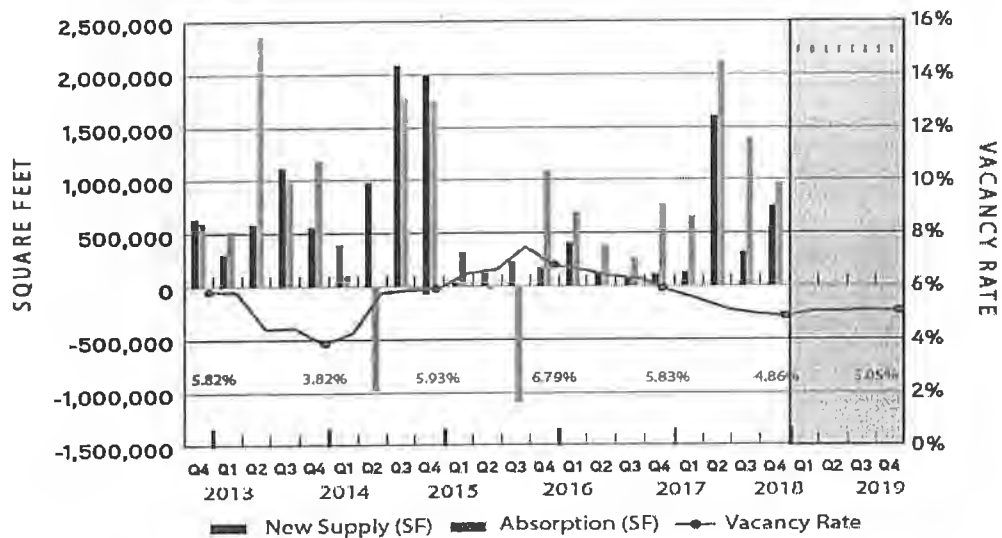
Industrial Property 8916 - 44th Street SE, Calgary, Alberta

developers and users. The City of Calgary has also experienced immense demand for the land they have listed in the Point Trotter Industrial Park and the Dufferin North Industrial Park.

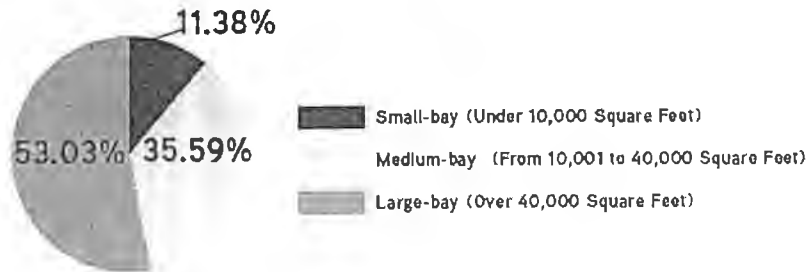
The industrial condo market continues to see growth, as the demand for ownership by owner/occupiers has become an emerging trend in the Calgary industrial market. Beedie, as well as Engelhart Reed, both announced new industrial condo developments in the southeast market in the fourth quarter of 2018.

Leasing and sale demand is expected to remain steady as we transition into 2019, and Calgary's industrial market is expected to remain strong. With a significant amount of inventory under construction and anticipated to reach completion by the end of the first quarter of 2019, vacancy is forecasted to increase slightly, as supply will marginally outpace demand. However, with even more developments being planned and speculated, it is hard to ignore the positive message from developers and landlords portrayed by their continual investment in Calgary's industrial market.

TOTAL HISTORICAL AND PROJECTED VACANCY 2013-2019F
NEW SUPPLY, ABSORPTION & VACANCY RATES



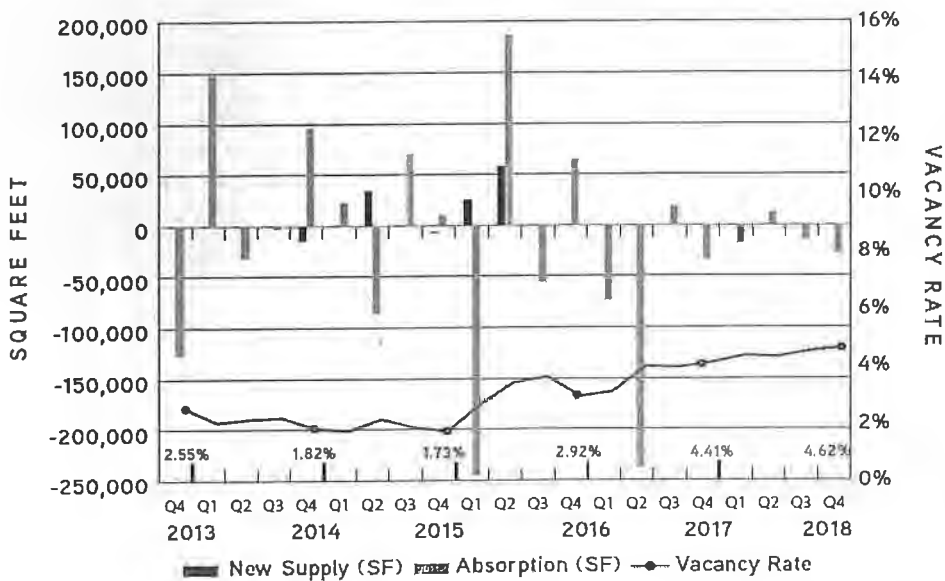
VACANCY BREAKDOWN BY BAY-SIZE



Central Calgary

Calgary's central industrial district experienced a slight increase in overall vacancy for the second consecutive quarter, resulting in a total year-end vacancy rate of 4.62%, up from 4.50% the previous quarter. Net absorption also remained negative at $\pm 27,279$ square feet to finish off 2018. Despite this, the sub-market continues to see consistent activity levels, with notable transactions including Canadian Pride Printing leasing $\pm 17,934$ square feet at 6912 Farrell Road SE, and JBS Foods purchasing two freestanding buildings totaling $\pm 78,628$ square feet at 3410 Ogden Road SE. Availability in this district is among Calgary's lowest at 6.48%. Limited available land options has compelled developers to be creative in their redevelopment strategy, which is the case with Enright Capitals' condo project at the former JBS Foods site on 11th Street SE, which will be the first major recent new development in the area. As with previous quarters, small-to-mid-bay leasing continues to outperform larger bay vacancies with diversified and unique tenancy mixes, particularly a flourishing brewing and distilling sector, which shows no signs of slowing down. Colliers expects the trend into 2019 to remain consistent with the second half of 2018, particularly with an active small-bay leasing market, low availability, and limited new construction throughout the central market.

CENTRAL NEW SUPPLY, ABSORPTION & VACANCY



Summary Statistics

Q4 2018 Central Calgary Market	2018 Q3	2018 Q4	Change
Net Absorption	(13,589)	(27,279)	↓
Vacancy Rate	4.50%	4.62%	↑
New Supply	-	-	↔
Under Construction	-	-	↔

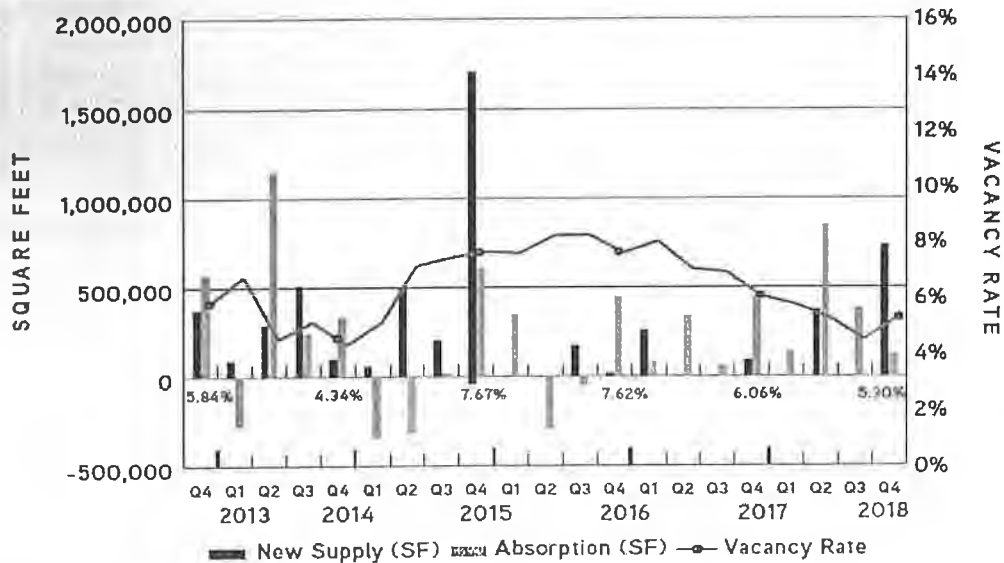


Northeast Calgary

Calgary's northeast industrial market continued to see strong leasing activity, despite an increase in overall market vacancy from 4.52% in the third quarter of 2018 to 5.30% for the fourth quarter of 2018. The continuation of a strong development cycle added two new speculative developments to the northeast market this quarter, as ONE Properties and Bandera Ventures competed both of their aforementioned buildings. Although leasing and sales activity in the northeast market remained strong during the fourth quarter of 2018, the completion of these two buildings placed upward pressure on overall vacancy. Absorption continued its positive trend in the fourth quarter of 2018 with an additional ±124,290 square feet being absorbed. Significant lease and sale transactions from the past quarter include Ryder Truck Rentals leasing ±77,397 square feet from Triovest Realty Advisors in the Freeport district, and Starlight Investments purchase of the ±148,373 square foot General Dynamics building in Deerfoot Business Centre. Calgary's northeast industrial market still has ±644,555 SF of new development currently under construction, with the majority suited to facilitate the demand from medium-to-large-bay users that has been observed throughout a year that has shown strong market fundamentals across all segments.

Land sales have held strong for parcels of serviced and development-ready land in the northeast market. The desire for close proximity to the airport and to major thoroughfares has helped perpetuate the continued demand from developers and owner/users.

NORTHEAST NEW SUPPLY, ABSORPTION & VACANCY



Summary Statistics

Q4 2018 Northeast Calgary Market	2018 Q3	2018 Q4	Change
Net Absorption	379,158	124,290	↓
Vacancy Rate	4.52%	5.30%	↑
New Supply	-	729,988	↑
Under Construction	1,200,179	644,555	↓

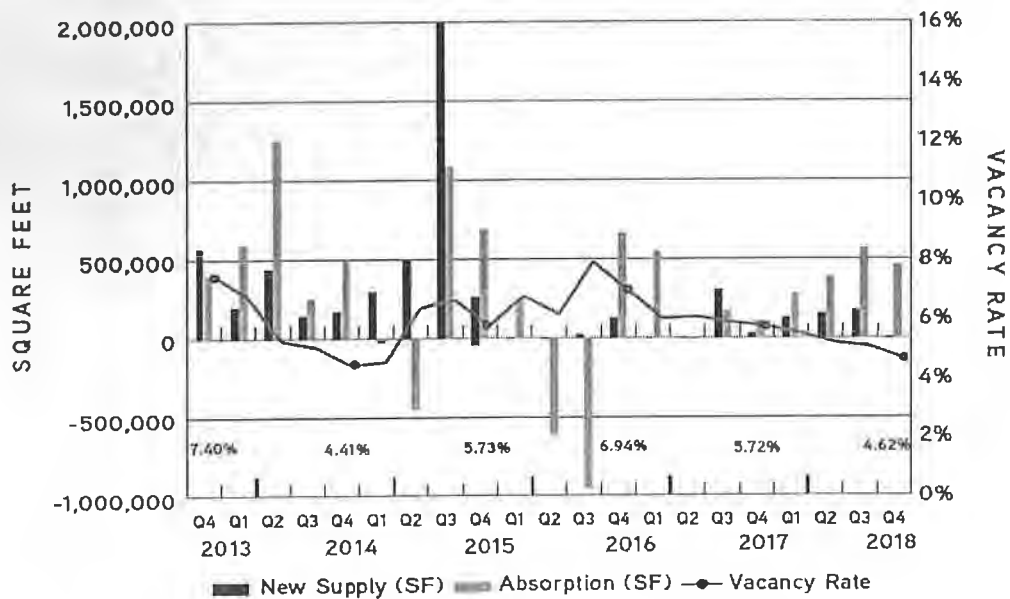


Southeast Calgary

The southeast Calgary industrial market continued to perform well in the fourth quarter of 2018, with vacancy decreasing from 5.02% in the third quarter of 2018, down to 4.62% in the fourth quarter. The southeast market saw multiple manufacturing/service facilities trade, notably the lease of 5441 52nd Avenue SE by Russell Metals and the Rising Edge Technologies purchase of 4800 27th Street SE. New developments targeting small and medium bay occupiers have either commenced or been announced, which we expect will satisfy some pent-up demand from tenants who previously lacked new development options in the south. A few of these projects are Beedie's Eastlake condo project, Enright Capital and GWL's Plains 68, and Engelhart Reed's Point Trotter condo development.

Demand for quality investment product in the City of Calgary and specifically the southeast remained strong through the end of the year, with BIMCOR acquiring a 3 building industrial portfolio from HOOPP in the Foothills, along with Enright Capital purchasing Canal Industrial Park from QuadReal Property Group. While development activity remained strong during the quarter, there were no new construction projects that reached completion. The first and second quarters of 2019 will differ from this with multiple projects expected to be complete in each quarter, which could cause an increase in vacancy in the first half of the year.

SOUTHEAST NEW SUPPLY, ABSORPTION & VACANCY



Summary Statistics

Q4 2018 Southeast Calgary Market	2018 Q3	2018 Q4	Change
Net Absorption	563,754	455,984	↓
Vacancy Rate	5.02%	4.62%	↓
New Supply	170,567	-	↓
Under Construction	1,126,400	1,114,411	↔

Valuation

Highest and Best Use

The principle of highest and best use is fundamental to the concept of value in real estate. Highest and best use, in general, may be defined as follows:

"The reasonably probable and legal use of vacant land of an improved property which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productive."

Analysis

Legal Permissibility	The proposed use is a permitted use within the applicable zoning and/or land use bylaw requirements affecting the property. There are no known private or other restrictions negatively impacting use of the property. Therefore the proposed use is legally permissible.
Physical Possibility	The site is of a sufficient size, configuration, and topography to accommodate the property's present use as improved in an efficient and functional manner. Therefore the current use is physically possible. There is also potential for additional development due to the low site coverage at the subject property.
Financial Feasibility	As improved, the property provides a sufficient return that the property as improved is considered to be financially feasible.
Maximum Productivity	The maximum productivity of the property is considered to be the current use.
Conclusion	
As vacant	The improvements to the property contribute positively and substantially to the overall value of the property such that the value of the site as though vacant is significantly lower than the value of the property as though improved. As such, a thorough examination of the highest and best use of the property as vacant has not been completed. It is our considered and professional opinion that the highest and best use of the land as though vacant is as a development site for a property similar to that which exists at present.
As improved	Based on the foregoing, the highest and best use of the property is considered to be a continuation of its current use for the foreseeable future. This opinion of the property's highest and best use forms the basis of our valuation.

Valuation Methodology

Traditionally, there are three accepted methods of valuing real property:

- Cost Approach;
- Direct Comparison Approach; and
- Income Approach

The selection of a relevant methodology depends upon the nature and characteristics of the real estate under consideration.

- 1) **The Cost Approach** to value is based upon the economic principle of substitution, which holds that the value of a property should not be more than the amount by which one can obtain, by purchase of a site and construction of a building without undue delay, a property of equal desirability and utility.
- 2) **The Direct Comparison Approach** examines the cost of acquiring equally desirable and valuable substitute properties, indicated by transactions of comparable properties, within the market area. The characteristics of the sale properties are compared to the subject property on the basis of time and such features as location, size and quality of improvements, design features and income generating potential of the property.
- 3) **The Income Approach** to value is utilized to estimate real estate value of income-producing or investment properties.

The Direct Capitalization Method is based on the conversion of current earnings directly into an expression of market value. The net income for the current or forthcoming fiscal year is capitalized with an overall rate, which reflects the investment characteristics offered by the asset.

The capitalization rate used is based on the analysis of sales and interviews with people active in the market.

Discounted Cash Flow Analysis allows the appraiser to account for the anticipated growth or decline in income over the term of a prescribed holding period.

Two rates must be selected for an application of the DCF process:

- The internal rate of return or discount rate used to discount the projected receivables; and
- An overall capitalization rate used in estimating reversionary value of the asset.

The reversionary capitalization rate utilized is usually similar to the rate that would be applied in present market conditions.



Industrial Property 89 C - 4th Street SE, Calgary, Alberta

Selection of Relevant Methodology

Given that at present the entire building is owner occupied, the Direct Comparison Approach is considered most appropriate valuation method.

The Income Approach, which values a property's income producing ability, will also be included as the property could be leased and sold to an investor.

Investors or analysts do not typically use the Cost Approach to value properties such as the subject. The inherent difficulties in accurately estimating developer's profit and all forms of depreciation restrict the reliability of this approach. For these reasons, we have not utilized the Cost Approach to value the property.



Subject Property: 8916 - 14th Street SE, Calgary, Alberta

Direct Comparison Approach

The Direct Comparison Approach is based on the Principle of Substitution which maintains that a prudent purchaser would not pay more for a property than what it would cost to purchase a suitable alternative property that exhibits similar physical characteristics, tenancy, location, etc. Within this approach, the property being valued is compared to properties that have sold recently or are currently listed for sale and are considered to be relatively similar to the subject property. Typically, a unit of comparison is used to facilitate the analysis. In the case of properties similar to the subject, the sale price per square foot of gross building area is the most commonly used unit of comparison.

The transactions summarized and analyzed in the table on the following page are considered to be suitably comparable to the subject property with respect to the characteristics below and to therefore provide a reasonable and reliable indication of value.

The basis for comparison included the consideration of the following:

- Property Rights Conveyed
- Financing Terms
- Conditions of Sale
- Market Conditions
- Location
- Physical Characteristics
- Zoning/Use

The sales utilized for the Direct Comparison Approach are included on the following page:

Industrial Property, 897 - 74th Street SE, Calgary, Alberta

Foothills Industrial

5716 - 35th Street S E., Calgary, Alberta



Property Description

Tenancy Type	Single Tenant
Property Type	Industrial
Property Sub-Type	Warehouse
Property Class	C Class
Construction	Concrete/Concrete Block/Steel
Year Built	1979
Rentable Area	8,951 SF
Site Size	0.56 acres
No. of Buildings	One Building
Office Build-Out (%)	TBC
Clear Height (feet)	22 feet
Loading	
Dock	No
Grade	Yes
Rail	No

Location / Legal / Land Use

Address	5716 - 35th Street S E
Municipality / District	Calgary / Foothills Industrial
Province	Alberta
Legal	7810281;B;12
Zoning / Land Use	I-G

Transaction Details

Sale Price (100% Equivalent)	\$2,160,000	\$241 per SF
Interest Transferred	100 %	
Status	Closed	
Date	16-Jan-19	
Occupancy	100 %	
Vendor	Charles Investments Inc	
Purchaser	UniFirst Canada Ltd	
Document No.	191011014	
Rights Conveyed	Fee Simple	

Comments

Record No. 154088 The building has a clear height of 22 feet and is serviced by two drive-in doors. The property has 24 surface parking spaces available with one point of ingress and egress.



Industrial Property, 8916 - 44th Street SE, Calgary, Alberta

Foothills Industrial

10504 - 42nd Street S.E., Calgary, Alberta



Property Description

Tenancy Type	Single Tenant
Property Type	Industrial
Property Sub-Type	Office Warehouse
Property Class	A Class
Construction	Concrete/Concrete Block/Steel
Year Built	2006
Rentable Area	6,182 SF
Site Size	0.85 acres
No. of Buildings	One Building
Office Build-Out (%)	TBC
Clear Height (feet)	TBC
Loading	
<i>Dock</i>	Yes
<i>Grade</i>	Yes
<i>Rail</i>	No

Location / Legal / Land Use

Address	10504 - 42nd Street S.E.
Municipality / District	Calgary / Foothills Industrial
Province	Alberta
Legal	0412421; 2; 1
Zoning / Land Use	I-G

Transaction Details

Sale Price (100% Equivalent)	\$2,000,000	\$324 per SF
Interest Transferred	100 %	
Status	Closed	
Date	21-Dec-18	
Occupancy	100 %	
Vendor	Private Investor	
Purchaser	Servall Development(2090303 Alberta)	
Document No.	181275156	
Rights Conveyed	Fee Simple	

Comments

Record No. 154089 The building is serviced by one drive-in doors. There are six surface parking spaces available.

Industrial Property, 891b - 44th Street SE Calgary, Alberta

Office Warehouse Buildings

4720 - 78 Avenue SE, Calgary, Alberta



Property Description

Tenancy Type	Single Tenant
Property Type	Industrial
Property Sub-Type	Office Warehouse
Property Class	B Class
Construction	Concrete/Concrete Block/
Year Built	1982
Rentable Area	9,600 SF
Site Size	0.75 acres
No. of Buildings	One Building
Office Build-Out (%)	TBC
Clear Height (feet)	TBC
Loading	
Dock	No
Grade	Yes
Rail	No

Location / Legal / Land Use

Address	4720 - 78 Avenue SE
Municipality / District	Calgary / Foothills Industrial
Province	Alberta
Legal	8010816; 2; 9
Zoning / Land Use	I-G

Transaction Details

Sale Price (100% Equivalent)	\$2,400,000	\$250 per SF
Interest Transferred	100 %	
Status	Closed	
Date	28-Nov-18	
Occupancy	100 %	
Vendor	Brautigam Holdings Ltd	
Purchaser	Stratus Electrical & Instrumentation	
Document No.	181257614	
Rights Conveyed	Fee Simple	

Comments

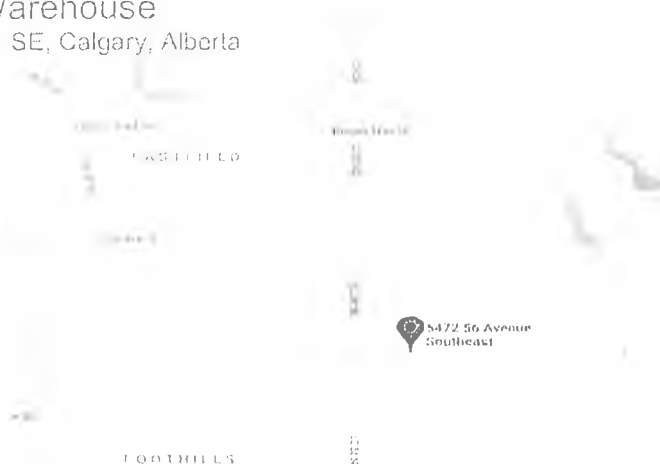
Record No. 153518 No atypical conditions were known to have influenced this transaction, further confirmation may be required.



Industrial Property, 89% - 44th Street SE, Calgary Alberta

Industrial Warehouse

5472 - 56 Avenue SE, Calgary, Alberta



Property Description

Tenancy Type	Single Tenant
Property Type	Industrial
Property Sub-Type	Warehouse
Property Class	B Class
Construction	Concrete/Concrete Block/Steel Frame
Year Built	1996
Rentable Area	13,700 SF
Site Size	1.25 acres
No. of Buildings	One Building
Office Build-Out (%)	TBC
Clear Height (feet)	TBC
Loading	
Dock	No
Grade	Yes
Rail	No

Location / Legal / Land Use

Address	5472 - 56 Avenue SE
Municipality / District	Calgary / Foothills Industrial
Province	Alberta
Legal	8110666;2;5;6
Zoning / Land Use	I-G

Transaction Details

Sale Price (100% Equivalent)	\$2,800,000	\$204 per SF
Interest Transferred	100 %	
Status	Closed	
Date	14-Sep-18	
Occupancy	100 %	
Vendor	Western Paint & Auto Body Works Inc	
Purchaser	Daveco Holdings Ltd	
Document No.	181196671	
Rights Conveyed	Fee Simple	

Comments

Record No. 151684 Previously sold in Vol 200304 for \$1,175,000 and again in 2008 for \$2,750,000



Industrial Property

64 Technology Way SE, Calgary Alberta



Property Description

Tenancy Type	Single Tenant
Property Type	Industrial
Property Sub-Type	Warehouse
Property Class	A Class
Construction	Concrete/Steel
Year Built	2012
Rentable Area	17,862 SF
Site Size	4.35 acres
No. of Buildings	One Building
Office Build-Out (%)	TBC
Clear Height (feet)	TBC
Loading	
Dock	No
Grade	Yes
Rail	No

Location / Legal / Land Use

Address	64 Technology Way SE
Municipality / District	Calgary / East Shepard Industrial
Province	Alberta
Legal	0716409;7;3
Zoning / Land Use	DC

Transaction Details

Sale Price (100% Equivalent)	\$4,800,000	\$269 per SF
Interest Transferred	100 %	
Status	Closed	
Date	28-Apr-18	
Occupancy	100 %	
Vendor	North Star Properties Inc	
Purchaser	Ghost River Investments Ltd	
Document No.	181085307	
Rights Conveyed	Fee Simple	

Comments

Record No. 141858 Warehouse is located in the East Shepard Industrial area, just east of 84th Street. Concrete / steel frame construction, large overhead doors and ample yard space. Size includes approx. 3,778 SF of upper level space



Industrial Property, 8916 - 44th Street SE Calgary, Alberta

Industrial Transactions & Analysis						
Industrial Building						
	Subject	Transaction One	Transaction Two	Transaction Three	Transaction Four	Transaction Five
Property Name	Industrial Building	Footline Industrial	Footline Industrial	Office Warehouse Buildings	Industrial Warehouse	Industrial Property
Address	8916 - 44 Street SE Calgary, Alberta	5716 - 35th Street S E Calgary, Alberta	10504 - 42nd Street S E Calgary, Alberta	4720 - 78 Avenue SE Calgary Alberta	5472 - 56 Avenue SE Calgary Alberta	64 Technology Way SE Calgary, Alberta
Transaction Price	—	\$2,160,000	\$2,000,000	\$2,400,000	\$2,800,000	\$4,800,000
Transaction Price per SF	—	\$241	\$324	\$250	\$204	\$269
Property Rights Conveyed	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Adjustment		None	None	None	None	None
Financing	—	Market (Assumed)	Market (Assumed)	Market (Assumed)	Market (Assumed)	Market (Assumed)
Adjustment		None	None	None	None	None
Conditions of Sale	—	Arm's Length	Arm's Length	Arm's Length	Arm's Length	Between Partners
Adjustment		None	None	None	None	None
Market						
Transaction Date	—	16-Jan-19	21-Dec-18	28-Nov-18	14-Sep-18	28-Apr-18
Market Conditions (Time)	1-Mar-19	44 days	70 days	93 days	168 days	307 days
Transaction Status	—	Closed	Closed	Closed	Closed	Closed
Adjustment		None	None	None	None	None
District						
Location	Good	Good	Good	Good	Good	Good
Access	Good	Good	Good	Good	Good	Good
Adjustment		None	None	None	None	Upward
Physical Characteristics						
Site						
Size (acres)	2.010 Acres	0.560 Acres	0.850 Acres	0.746 Acres	1.250 Acres	4.350 Acres
Topography	Level	Level	Level	Level	Level	Level
Configuration	Regular	Regular	Irregular	Regular	Regular	Regular
Density	0.11	0.37	0.17	0.30	0.25	0.09
Excess Density	Yes	No	No	No	No	No
Zoning/Land Use	I-G	I-G	I-G	I-G	I-G	DC
Adjustment		Upward	None	Upward	Upward	None
Improvements						
Property Type	Industrial	Industrial	Industrial	Industrial	Industrial	Industrial
Sub-Type	Office Warehouse	Warehouse	Office Warehouse	Office Warehouse	Warehouse	Warehouse
Size (SF)	9,484	8,951	6,182	9,600	13,700	17,862
Design / Layout	Good	Good	Good	Good	Good	Good
Year Built	1980	1979	2006	1982	1996	2012
Quality	Good	Good	Good	Good	Good	Good
Condition	Good	Good	Good	Good	Good	Good
Adjustment		None	Downward	None	Downward	Downward
Size	9,484	8,951	6,182	9,600	13,700	17,862
Adjustment		None	Downward	None	Upward	Upward
Overall Adjustment		Upward	Downward	Upward	Upward	Upward
Overall Comparability		Inferior	Superior	Inferior	Inferior	Inferior
Conclusion		Higher Than	Lower Than	Higher Than	Higher Than	Higher Than
		\$241/SF	\$324/SF	\$250/SF	\$204/SF	\$269/SF



Analysis

The selected transactions pertain to activity that occurred between April 2018 and January 2019. The properties vary in size from 6,182 square feet to 17,862 square feet and were originally constructed between 1979 and 2012. These transactions represent capital investments that range from a low of \$2,000,000 to \$4,800,000 at the upper end of the range. The unit prices per square foot indicated by these transactions vary from a low of \$204 per square foot to a high of \$324.

Transaction No. 1 pertains to the January 16, 2019 sale of an industrial development located at 5716 - 35th Street S.E., Calgary, Alberta at a price of \$2,160,000, or \$241 per square foot. This transaction involved the transfer of the owner's interest in the fee simple estate and therefore no adjustment was required for the property rights conveyed in this transaction. Financing is not believed to be a factor influencing this transaction. As such, no adjustment has been made. In the time spanning the date of this transaction and the effective date of this valuation, market conditions have been stable. As such, no adjustment is required for changing market conditions. This property occupies a good overall location and possesses good regional access characteristics. Relative to the locational attributes of the subject property no adjustment is required. The site area totals 0.56 acres, offers level topography, is regular in its configuration, and based on the gross leaseable area of the improvements, has been developed to a 0.37 times site area density. Relative to the characteristics of the subject site, these attributes are thought to be inferior by comparison and therefore an upward adjustment for site characteristics is required. This property has a total gross leaseable area of 8,951 square feet, was constructed in 1979 and is considered to represent good quality construction in good overall condition. Relative to the improvements of the subject property, this comparable is similar and therefore no adjustment is required. Overall, Transaction No. 1 is considered to be inferior to the subject property and required upward adjustments. Therefore, a unit value per square foot higher than \$241 is considered appropriate for the subject property.

Located at 10504 - 42nd Street S.E., Calgary, Alberta, Transaction No. 2 relates to the sale of a 6,182 square foot industrial development at a price of \$2,000,000, or \$324 per square foot. The property rights transferred relate to those of the fee simple estate and therefore no adjustment was required for the property rights that were transferred. Financing is not believed to be a factor influencing this transaction. As such, no adjustment has been made. Market conditions have been stable between the date that this transaction occurred and the effective date of this valuation. Therefore, no adjustment is required for changing market conditions. With regard to location, this property occupies a good overall location with good access characteristics. When compared to the subject property, no adjustment is thought to be warranted. This property's site is irregular in its configuration, is level with respect to topography, comprises a total area measuring 0.85 acres, and has been developed to a density of 0.17 times its area. When compared to the attributes of the subject site, these qualities are thought to be similar and no adjustment has been made. The improvements to this property were originally constructed in 2006 and represent good quality construction in good overall condition, providing good functional utility and/or layout. The gross leaseable area of this property is 6,182 square feet, more or less. When compared to the subject property, the physical characteristics of Transaction No. 2 are considered to be superior and therefore a downward adjustment is warranted. This transaction represents a much smaller gross leaseable area than the subject, as such a downward adjustment is seen as warranted as smaller properties tend to trade for higher per square foot value due to economies of scale. In terms of overall comparability, this property is thought to be superior to the subject and therefore a downward overall adjustment is warranted, suggesting that an appropriate unit value for the subject property should be lower than \$324 per square foot.



An industrial development comprising a total gross leaseable area of 9,600 square feet, Transaction No. 3 is located in Calgary, Alberta at 4720 - 78 Avenue SE and pertains to a sale at a price of \$2,400,000, or \$250 per square foot. Involving the transfer of the owner's interest in the fee simple estate, no adjustment was required for the property rights conveyed in this transaction. Financing is not believed to be a factor influencing this transaction. As such, no adjustment has been made. In the time between the date of this transaction and the valuation date of the subject property the market for real estate similar to the subject property has been stable and as a consequence no adjustment to this transaction has been made. Occupying a good overall location with good access, no adjustment is required for overall locational characteristics relative to those offered by the subject property. Regular in its configuration and offering level topography, this site comprises a total area of 0.75 acres, more or less. Based on the gross leaseable area of the improvements, the site has been developed to a 0.30 times density. These characteristics are, in general, inferior to those of the subject and therefore an upward adjustment has been made. Comprising a gross leaseable area of 9,600 square feet, more or less, and originally constructed in 1982, the improvements to this property represent good quality construction in good overall condition, providing good overall design/layout characteristics. When these attributes are considered, no adjustment is warranted, reflecting the similar nature of the physical characteristics when compared to the subject. In summary, this property is considered to be inferior to the subject and consequently an upward overall adjustment is required, indicating that an appropriate unit value for the subject should be higher than \$250 per square foot of gross leaseable area.

Transaction No. 4 pertains to a sale of an industrial development located at 5472 - 56 Avenue SE, at a price of \$2,800,000, or \$204 per square foot. The property rights transferred relate to those of the fee simple estate and therefore no adjustment was required for the property rights that were transferred. Financing is not believed to be a factor influencing this transaction. As such, no adjustment has been made. In the time spanning the date of this transaction and the effective date of this valuation, market conditions have been stable. As such, no adjustment is required for changing market conditions. With regard to location, this property occupies a good overall location with good access characteristics. When compared to the subject property, no adjustment is thought to be warranted. Regular in its configuration and offering level topography, this site comprises a total area of 1.25 acres, more or less. Based on the gross leaseable area of the improvements, the site has been developed to a 0.25 times density. These characteristics are, in general, inferior to those of the subject and therefore an upward adjustment has been made. This property has a total gross leaseable area of 13,700 square feet, was constructed in 1996 and is considered to represent good quality construction in good overall condition. Relative to the physical characteristics of the subject property, this comparable is superior and therefore a downward adjustment is required. This transaction represents a larger gross leaseable area than the subject, as such an upward adjustment is seen as warranted as larger properties tend to trade for lower per square foot values due to economies of scale. In terms of overall comparability, this property is thought to be inferior to the subject and therefore an upward overall adjustment is warranted, suggesting that an appropriate unit value for the subject property should be higher than \$204 per square foot.

Located at 64 Technology Way SE, Calgary, Alberta, Transaction No. 5 relates to the sale of a 17,862 square foot industrial development at a price of \$4,800,000, or \$269 per square foot. Involving the transfer of the owner's interest in the fee simple estate, no adjustment was required for the property rights conveyed in this transaction. Financing is not believed to be a factor influencing this transaction. As such, no adjustment has been made. Market conditions have been stable between the date that this transaction occurred and the effective date of this valuation. Therefore, no adjustment is required for changing market conditions. Occupying a good overall location with good access, an upward adjustment



is required for overall locational characteristics relative to those offered by the subject property. The site area totals 4.35 acres, offers level topography, is regular in its configuration, and based on the gross leaseable area of the improvements, has been developed to a 0.09 times site area density. Relative to the characteristics of the subject site, these attributes are thought to be similar by comparison and therefore no adjustment for site characteristics is required. The improvements to this property were originally constructed in 2012 and represent good quality construction in good overall condition, providing good functional utility and/or layout. The gross leaseable area of this property is 17,862 square feet, more or less. When compared to the subject property, the physical characteristics of Transaction No. 5 are considered to be superior and therefore a downward adjustment is warranted. This transaction represents a larger gross leaseable area than the subject, as such an upward adjustment is seen as warranted as larger properties tend to trade for lower per square foot values due to economies of scale. In summary, this property is considered to be inferior to the subject and consequently an upward overall adjustment is required, indicating that an appropriate unit value for the subject property should be higher than \$269 per square foot.

Conclusion

Based on the preceding analysis, an appropriate unit value per square foot for the subject property should be lower than Transaction No. 2 (\$324); and higher than Transaction No. 1 (\$241), Transaction No. 3 (\$250), Transaction No. 4 (\$204), and Transaction No. 5 (\$269). As such, a unit value of between \$295 and \$305 is considered to be appropriate for the subject property. Applying values per square foot within this range to the area of the property results in the following estimates of value:

Value Matrix - Direct Comparison Industrial Building			
Size	\$/SF	Value ⁽¹⁾	Adjusted Value ⁽¹⁾⁽²⁾
9,464 SF	\$295	\$2,800,000	\$2,775,000
9,464 SF	\$300	\$2,850,000	\$2,825,000
9,464 SF	\$305	\$2,875,000	\$2,850,000

(1) Rounded to nearest \$25,000

(2) Adjusted for Quonset & Outstanding LIC

The foregoing analysis indicates an estimated value of between **\$2,775,000** and **\$2,850,000** (rounded) as of the effective date of this valuation. Note, the subject property is subject to a municipal improvement levy. As such, we have made a downward adjustment to value for the outstanding dollar amount. We have also made an upward adjustment to account for the depreciated replacement cost of the Quonset, based on cost data from Marshall & Swift. The details of these adjustments are presented on the following page.



Adjustments to Value	
Industrial Building	
Initial Direct Comparison Value *	\$2,850,000
Other Adjustments	
Local Improvement Levy	
Heated & Powered Quonset	\$57,300
Remaining Local Improvement Levy Owing	<u>(\$81,237)</u>
Total Other Adjustments	<u>(\$81,237)</u>
Net Adjustment *	<u>(\$25,000)</u>
Adjusted Value by Direct Comparison *	<u>\$2,825,000</u>

* rounded to nearest \$25,000





Income Approach

Overall Income Capitalization

Revenue and Expense Analysis

To estimate the market value of a property by the Income Approach, the main criteria for the measurement of value is the property's ability to generate income. To this end, an analysis of the potential income and the probable expenses associated with maintaining this income stream is undertaken in order to estimate the net operating income the property is capable of producing.

The net operating income is then converted into an expression of market value through the application of an appropriate technique. The most commonly utilized methods for valuing real estate such as the subject are the *Overall Income (Direct) Capitalization* and *Discounted Cash Flow* techniques. The Overall Income Capitalization method has been included in our analysis.

Tenancy Summary and Leasing Profile

Area Measurement	The total Gross Leasable Area of the property is 9,464 square feet, more or less.
Occupancy	As of the effective date, the property was 100.0% occupied by the current owner and related companies.
Tenant Profile	The property is currently occupied by the existing owner and related companies. For the purpose of our analysis, we have assumed the property will be occupied by a single hypothetical tenant at current market rates.
Leasing Practice/Status	Leasing within the property is assumed to be on a net basis with the landlord possessing the ability to fully recover all operating expenses and realty/property taxes from the tenant(s).
Tenancy Schedule	A hypothetical Rent Roll is presented below:

Tenant Roster					
Industrial Building					
Unit	Tenant	GLA (SF)	Term	Rate/SF	Annual Rent ⁽¹⁾
8916	Hypothetical Tenant	9,464	5 years	\$18.75	\$177,450
Totals		9,464		\$18.75	\$177,450

(1) assumes full occupancy for a twelve month period as at March 1, 2019

Market Lease Survey In order to determine a current market rent for occupancy within the subject, a lease survey has been conducted. The results of this survey are summarized in the table on the following page.



Industrial Property, 8916 - 44th Street SE, Calgary, Alberta

Property Name Address		Lease Details		Comments
Class / Sub Class GLA (SF) / Year Built				



Foothills
5050 - 76 Avenue SE
Calgary, Alberta
Warehouse, B Class
11,250 SF / 1993

Tenant: ZeroSquared Tiny Homes Inc.
Lease Type: New Lease
GLA: 11,250 SF
Lease Start: 1-Mar-19
Term: 60 months
Escalations: Yes; see comments

Base Rent: \$10.50/SF

Year 1 : \$10.50
Year 2 : \$10.75
Year 3 : \$11.00
Year 4 : \$11.25
Year 5 : \$11.50 3.5 Months of gross free rent

Confidential
Confidential
Office Warehouse, C Class
20,000 SF / 1977

Tenant: Confidential
Lease Type: Renewal
GLA: 20,800 SF
Lease Start: 1-Sep-18
Term: 60 months
Escalations: No

Base Rent: \$10.00/SF

The base rent is fixed throughout the lease term.

Confidential



Industrial Building
4860 - 35 Street SE & 4848 -
35 Street SE
Calgary, Alberta
Office Warehouse, B Class
16,250 SF / 1999

Tenant: Ecostone Products
Lease Type: New Lease
GLA: 16,250 SF
Lease Start: 1-Feb-18
Term: 60 months
Escalations: No

Base Rent: \$11.50/SF

The base rent is fixed throughout the lease term.



Industrial Warehouse
4452 - 64 Avenue SE
Calgary, Alberta
Office Warehouse, B Class
10,400 SF / 1977

Tenant: Chemco Electrical Contractors Ltd.
Lease Type: New Lease
GLA: 10,400 SF
Lease Start: 1-May-17
Term: 60 months
Escalations: Yes; see comments

Base Rent: \$10.00/SF

Years 1-2: \$10.00
Years 3-5: \$11.00 LL to build out 1,400 SF of office.



Industrial Warehouse
4452 - 64 Avenue SE
Calgary, Alberta
Office Warehouse, B Class
8,062 SF / 2000

Tenant: Diesel Performance Specialists
Lease Type: New Lease
GLA: 8,062 SF
Lease Start: 1-Mar-17
Term: 60 months
Escalations: Yes; see comments

Base Rent: \$12.50/SF

Year 1 : \$12.50
Year 2 : \$12.75
Year 3 : \$13.00
Year 4 : \$13.25
Year 5 : \$13.50



Industrial Property, 8916 - 44th Street SE, Calgary, Alberta

	Size (Acres)	Address	Lease Rate Per SF	Commencement Date	Term
Index No. 1	3.79	9595 Enterprise Way SE	Years 1 - 5 @ \$0.95 PSF Gross	June, 2017	5 Years
Index No. 2	4.35	56 Technology Way SE	Years 1 - 5 @ \$0.83 PSF Net	July, 2017	5 Years
Index No. 3	5.38	9424 - 60th Street SE	1 Year @ \$0.98 PSF Net	July, 2017	1 Year
Index No. 4	5	400 Palmer Road NE	\$0.79 PSF Net	TBC	TBC



Revenue Analysis

Market Rent

Note, the subject property features a 2.01-acre site with drive through capabilities. The subject building represents a 9,464 SF building, indicating an atypically low site coverage of 11%. For the purposes of the income approach, we have elected to stabilize the site coverage of the property at 40% and apply a land lease rent to the excess land to adequately reflect the value contributed by the site.

Based on the land lease comparables, and with consideration given to the location and site improvements, we are of the professional opinion a land lease rate of \$1.00 per SF per annum is applicable to the subject land not encumbered by the improvements on a stabilized site coverage. If we apply this rate to vacant area of the site (87,557 SF – 23,660 SF = 63,896 SF x \$1.00 p/SF) there is an extra \$60,700 in annual revenue. Applying this nominal value over the gross leasable area of the subject property results in an additional \$6.75 per SF to account for the premium of the site area (\$63,896 / 9,464 SF = \$6.75 / SF) (rounded).

Based on the foregoing survey, we are of the professional opinion that current market rent for Industrial occupancy within the subject property is \$18.75 (\$12.00 + \$6.75) per square foot per annum, fully net to the landlord.

Based on the foregoing survey, we are of the professional opinion that current market rent for Industrial occupancy within the subject property is **\$18.75** per square foot per annum, fully net to the landlord.

Projected Base Rent

Based on the Market Rent projection and assuming full occupancy, base rental revenue is projected to be **\$177,450** in Year One.

Recovery Revenue

The leasing within the subject property is on a fully net (assumed) basis. Therefore Year One Recovery Revenue is estimated at **\$87,484**.

Total Potential Gross Income

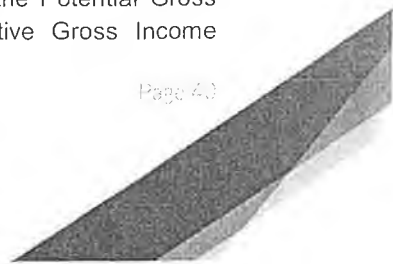
Adding all the sources of revenue described above results in a Year One Potential Gross Income forecast of **\$264,934**.

General Vacancy

As a single tenant property, assumed to be occupied under a market lease, no allowance for vacancy has been included in our analysis. It is noted under such circumstances investors typically consider the risk of vacancy in their rate of return or yield criteria.

Effective Gross Income

Deducting the Vacancy Allowance above from the Potential Gross Income forecast results in a Year One Effective Gross Income





estimate of \$264,934.

Expense Analysis

Operating Expense Summary

Operating expense forecasts are based on expenses in similar properties. These expenses are detailed as follows:

Operation Expense Summary Industrial Building		
	Colliers Forecast	per SF
Utilities	\$15,000	\$1.58
Repairs & Maintenance	\$11,000	\$1.16
Insurance	\$2,500	\$0.26
Administration & Management	\$2,500	\$0.26
Sub-Total	\$31,000	\$3.28
Realty Taxes	\$56,484	\$5.97
Total Occupancy Costs	\$87,484	\$9.24

Contingency/Structural Allowance

In addition to the operating expenses above, investors typically include an allowance for structural repairs or other non-recoverable expenses for the purpose of valuation. In this respect, a Contingency Allowance equal to 1.00% of the Effective Gross Income has been deducted within our Pro Forma Income Projection. In Year One this allowance has been forecast at **\$2,649**.

Total Expenses

Adding the expenses as described above results in forecast Year One Operating Expenses in an amount equal to **\$90,133**.

Net Operating Income

Based on the foregoing, Year One Net Operating Income is projected at **\$174,801**.

Pro Forma Income Statement

Based on the foregoing, a Pro Forma Income Statement for the property is presented on the following page.





Industrial Property, 8916 - 44th Street SE, Calgary, Alberta

Pro Forma Income Statement	
Industrial Building	
(Twelve months forthcoming as of Mar-1-19)	
Base Rent	\$177,450
Recoveries	87,484
Potential Gross Income	<u>\$264,934</u>
Less: Vacancy/Collection Loss Allowance @ .00% PGI	<u>\$0</u>
Effective Gross Income	\$264,934
Operating Expenses	
Utilities	\$15,000
Repairs / Maintenance	11,000
Insurance	2,500
Administration / Management	2,500
Realty Taxes	56,484
Contingency/Structural Allowance @ 1.00% EGI	<u>2,649</u>
Total Operating Expenses/Allowances	<u>\$90,133</u>
Net Operating Income	<u>\$174,801</u>

Investment Analysis

Investment Alternatives Following are current investment yields with respect to various alternative investments.

Investment Alternatives	
	Current
Prime Rate	2.95%
Long Term Canada Bond	2.29%
REIT Units (CREIT)	4.06%
REIT Units (RioCan)	5.88%

Source: Bank of Canada, Globe Investor Last Updated August 22, 2017

Real Estate Surveys

Following are the results of the most recent commercial real estate return surveys, as expressed by overall capitalization rates.

Q2 2017 Investment Parameters - Calgary		
Investment Type	Overall Capitalization Rates	Discount Rates
Industrial		
Single	5.50% - 6.25%	6.50% - 7.50%
Multi	6.00% - 6.75%	6.50% - 7.50%
Downtown Office		
Downtown - Class 'AA'	5.75% - 6.50%	6.30% - 7.50%
Downtown - Class 'B'	7.00% - 8.50%	7.30% - 8.00%
Suburban Office		
Suburban - Class 'A'	6.00% - 6.75%	6.50% - 7.50%
Suburban - Class 'B'	6.75% - 8.00%	6.00% - 7.00%
Retail		
Regional/Power	5.25% - 6.00%	5.30% - 6.50%
Community	5.50% - 6.25%	6.30% - 7.50%
Strip Plaza	5.50% - 6.75%	6.30% - 7.50%
Multi-Residential		
High Rise	4.50% - 5.00%	
Low Rise	5.00% - 5.25%	
Hotel		
Urban Full Service	7.50% - 9.50%	
Select Service	8.00% - 9.50%	
Limited Service	8.75% - 10.75%	

Source: Colliers (Cap Rates), Altus Insight

Comparable Transactions

The most appropriate method of determining an appropriate overall capitalization rate is best served through an analysis of current market activity. In consideration of the characteristics described above, the transactions summarized in the table on the following page have been selected and analyzed.



Industrial Property, 8916 - 44th Street SE, Calgary, Alberta

Industrial Investment Transactions & Analysis Industrial Building

	Subject	Transaction One	Transaction Two	Transaction Three	Transaction Four
Property Name	Industrial Building	Multi-Tenant Industrial	Industrial Building	Encore Metals Building	Fleetbrake Building
Address	8916 - 44 Street SE Calgary, Alberta	41 Royal Vista Drive NW Calgary Alberta	4711 - 13 street NE Calgary, Alberta	7805 - 51 Street SE Calgary, Alberta	8010 - 44th Street SE Calgary, Alberta
Transaction Price	---	\$8,500,000	\$3,500,000	\$3,475,000	\$5,000,000
Transaction Price per SF	---	\$230	\$146	\$116	\$217
Property Rights Conveyed	Fee Simple	Leased Fee	Leased Fee	Leased Fee	Leased Fee
Financing	---	Market (Assumed)	Market (Assumed)	Market (Assumed)	Market (Assumed)
Conditions of Sale	---	Arm's Length	Arm's Length	Arm's Length	Arm's Length
Market					
Transaction Date	---	30-Oct-18	26-Jul-17	5-May-17	10-Jan-17
Market Conditions (Time)	1-Mar-19	122 days	583 days	665 days	780 days
Transaction Status	---	Closed	Closed	Closed	Closed
District					
Location	Good	Good	Good	Good	Good
Access	Good	Good	Good	Good	Good
Physical Characteristics					
Site					
Size (acres)	2.010 Acres	1.980 Acres	1.370 Acres	1.687 Acres	3.020 Acres
Topography	Level	Level	Level	Level	Level
Configuration	Regular	Regular	Regular	Regular	Regular
Density	0.11	0.43	0.4	0.41	0.17
Excess Density	Yes	No	No	No	No
Zoning/Land Use	I-G	DC 57Z2007	I-G	I-G: Industrial - General	I-G
Improvements					
Property Type	Industrial	Industrial	Industrial	Industrial	Industrial
Sub-Type	Office Warehouse	Office Warehouse	Office Warehouse	Office Warehouse	Office Warehouse
Area (sq ft)	1,411	30,815	24,000	30,082	23,000
Design / Layout	Good	Very Good	Good	Good	Good
Year Built	1980	2010	1974	1981	1995
Quality	Good	Very Good	Good	Average	Good
Condition	Good	Very Good	Good	Average	Good
Overall Capitalization Rate ⁽¹⁾	---	6.30%	6.57%	6.87%	6.81%
Overall Adjustment		Insignificant	Downward	Downward	Downward
Overall Comparability		Similar	Inferior	Inferior	Inferior
Conclusion		Similar to 6.30%	Lower Than 6.57%	Lower Than 6.87%	Lower Than 6.81%

(1) The stabilized overall capitalization rates summarized above have been analyzed with the same vacancy and contingency provisions as the subject property. It is of note that the stabilized overall capitalization rates presented within the Sale Summary Sheets in the Addenda to this report may differ from those within the above analysis due to differences in the vacancy and



Industrial Property 890 - 44th Street SE, Calgary, Alberta

Capitalization rates tend to vary between properties depending to some extent on such factors as location, size and type of development, quality and condition of improvements, and amenities provided. Combining all of these features with considerations of leasing history and trends, strength of tenancy and income security, the overall capitalization rate tends generally to reflect the perceived quality and durability of the property's income earning capacity

Analysis

The selected transactions pertain to activity that occurred between January 2017 and October 2018. The properties vary in size from 23,000 square feet to 36,915 square feet and were originally constructed between 1974 and 2010. These transactions represent capital investments that range from a low of \$3,475,000 to \$8,500,000 at the upper end of the range. The stabilized overall capitalization rates indicated by these transactions vary from a low of 6.30% to a high of 6.87%.

Properties such as the subject typically trade between owner-users; investors rarely purchase properties similar to the subject. As such, there is a lack of data surrounding investment sales for properties directly comparable to the subject. We have therefore elected to compare investment sales of smaller single-tenant and multi-tenant industrial properties which in general exhibit similar magnitudes of investment to the subject.

Based on the foregoing analysis, it is our opinion that an appropriate overall capitalization rate applicable to the subject property is lower than Transaction No. 2 (6.57%), Transaction No. 2 (6.87%), and Transaction No. 4 (6.81%); similar to Transaction No. 1 (6.30%).



Industrial Property 8910 - 44th Street SE, Calgary, Alberta

Direct Capitalization

On the basis of our Revenue and Expense Analysis, the Stabilized Net Operating Income for the forthcoming 12 months is projected to be **\$174,801**.

As summarized on the previous page, capitalization rates for properties similar to the subject are trading at "going-in" returns of 6.30% to 6.87%. Taking into consideration the investment characteristics of the property including its location, size, building quality and security of income, it is our opinion that an overall capitalization rate of between **6.00%** and **6.50%** would be appropriate. Applying this rate to the projected Year One net operating income results in the following estimate of value, adjusted for holding and lease up costs and capital expenses, if required.

Value Matrix - Direct Overall Capitalization			
Industrial Building			
OCR	Stabilized NOI	Value ⁽¹⁾	Adjusted Value ⁽¹⁾⁽²⁾
6.00%	\$174,801	\$2,925,000	\$2,900,000
6.25%	\$174,801	\$2,800,000	\$2,775,000
6.50%	\$174,801	\$2,700,000	\$2,675,000

(1) Rounded to nearest \$25,000

(2) Adjusted for Quonset and Outstanding LIC

Summary

The foregoing analysis indicates an estimated value by way of Direct Income Capitalization of between **\$2,700,000** and **\$2,925,000** (rounded) as of the effective date of this valuation. Note, the subject property is subject to a municipal improvement levy that must be fully paid. As such, we have made a downward adjustment to value for the outstanding dollar amount. We have also made an upward adjustment to account for the depreciated replacement cost of the Quonset, based on cost data from Marshall & Swift. The details of these adjustments are presented below.

Adjustments to Value	
Industrial Building	
Initial Overall Capitalization Value *	\$2,825,000
Other Adjustments	
Local Improvement Levy	
Heated & Powered Quonset	\$57,300
Remaining Local Improvement Levy Owing	(\$81,237)
Total Other Adjustments	(\$81,237)
Net Adjustment *	(\$25,000)
Adjusted Value by Overall Capitalization *	\$2,800,000

* rounded to nearest \$25,000



Industrial Property 8916 - 44th Street SE, Calgary, Alberta

Reconciliation and Final Estimate of Value

The subject property is a 9,464 SF industrial building located on a 2.01 acre site.

The building represents good quality construction and was in good condition as of the effective date of the report.

The approaches used in this valuation provide the following values:

Valuation Summary	
Industrial Building	
Income Approach	
<i>Overall Capitalization⁽¹⁾</i>	\$2,675,000 to \$2,900,000
Direct Comparison Approach ⁽¹⁾	\$2,775,000 to \$2,850,000
Cost Approach	Not Completed

(1) Adjusted for Quonset and Outstanding LIC

For owner occupied properties such as the subject, potential purchasers would place considerable emphasis on functional utility of the property for their own purposes rather than for it's the income earning potential. In this regard, the Direct Comparison Approach would be the favoured method of valuation.

Notwithstanding the owner occupied nature of the subject property, it does possess attributes that would appeal to a tenant(s) and therefore we also considered the Income Approach within our analysis.

Based on the foregoing, and with most weight applied to the Direct Comparison Approach it is our opinion that the market value of the property, subject to the assumptions set forth herein, and as at March 1, 2019, was:

Two Million Eight Hundred Thousand Dollars
\$2,800,000

The above value estimate is predicated on an exposure period of three to six months and assumes a sale on the basis of cash being paid to the vendor.



Industrial Property 89 C - 14th Street SE, Calgary, Alberta

Appendices

Appendix A	Contingent and Limiting Conditions
Appendix B	Definitions
Appendix C	Certificate of Title
Appendix D	Land Use / Zoning
Appendix E	Comparable Sales
Appendix F	Certification



Appendix A

Contingent and Limiting Conditions





Contingent and Limiting Conditions

1. This report has been prepared at the request of **Doug Atkins** of **Surface Pro Services Inc.** for the purpose of providing an estimate of the market value of **8916 - 44 Street SE Calgary, Alberta**. It is not reasonable for any person other than the person or those to whom this report is addressed to rely upon this appraisal without first obtaining written authorization from **Doug Atkins** of **Surface Pro Services Inc.** and the author of this report. This report has been prepared on the assumption that no other person will rely on it for any other purpose and all liability to all such persons is denied.
2. This report has been prepared at the request of **Doug Atkins** of **Surface Pro Services Inc.** and for the exclusive (and confidential) use of, the recipient as named herein and for the specific purpose and function as stated herein. All copyright is reserved to the author and this report is considered confidential by the author and **Doug Atkins** of **Surface Pro Services Inc.**. Possession of this report, or a copy thereof, does not carry with it the right to reproduction or publication in any manner, in whole or in part, nor may it be disclosed, quoted from or referred to in any manner, in whole or in part, without the prior written consent and approval of the author as to the purpose, form and content of any such disclosure, quotation or reference. Without limiting the generality of the foregoing, neither all nor any part of the contents of this report shall be disseminated or otherwise conveyed to the public in any manner whatsoever or through any media whatsoever or disclosed, quoted from or referred to in any report, financial statement, prospectus, or offering memorandum of the client, or in any documents filed with any governmental agency without the prior written consent and approval of the author as to the purpose, form and content of such dissemination, disclosure, quotation or reference.
3. The estimated market value of the real estate that is the object of this appraisal pertains to the value of the **fee simple interest** in the real property. The property rights appraised herein exclude mineral rights, if any.
4. The concept of market value presumes reasonable exposure. The exposure period is the estimated length of time the asset being valued would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of valuation. The overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable effort. The reasonable exposure period is a function not only of time and effort, but will depend on the type of asset being valued, the state of the market at the date of valuation and the level at which the asset is priced. (The estimated length of the exposure period needed to achieve the estimated market value is set forth in the Letter of Transmittal, prefacing this report).
5. The estimate of value contained in this report is founded upon a thorough and diligent examination and analysis of information gathered and obtained from numerous sources. Certain information has been accepted at face value, especially if there was no reason to doubt its accuracy. Other empirical data required interpretative analysis pursuant to the objective of this appraisal. Certain inquiries were outside the scope of this mandate. For these reasons, the analyses, opinions and conclusions contained in this report are subject to the following Contingent and Limiting conditions.
6. The property has been valued on the basis that title to the real estate herein appraised is good and marketable.



Industrial Property, c916 - 44th Street SE, Calgary, Alberta

7. The author of this report is not qualified to comment on environmental issues that may affect the market value of the property appraised, including but not limited to pollution or contamination of land, buildings, water, groundwater or air. Unless expressly stated, the property is assumed to be free and clear of pollutants and contaminants, including but not limited to moulds or mildews or the conditions that might give rise to either, and in compliance with all regulatory environmental requirements, government, or otherwise, and free of any environmental condition, past, present or future, that might affect the market value of the property appraised. If the party relying on this report requires information about environmental issues then that party is cautioned to retain an expert qualified in such issues. We expressly deny any legal liability relating to the effect of environmental issues on the market value of the property appraised.
8. The legal description of the property and the area of the site were obtained from the South Alberta Land Titles Office. Further, the plans and sketches contained in this report are included solely to aid the recipient in visualizing the location of the property, the configuration and boundaries of the site and the relative position of the improvements on the said lands.
9. The property has been valued on the basis that the real estate is free and clear of all value influencing encumbrances, encroachments, restrictions or covenants except as may be noted in this report and that there are no pledges, charges, liens or special assessments outstanding against the property other than as stated and described herein.
10. The property has been valued on the basis that there are no outstanding liabilities except as expressly noted herein, pursuant to any agreement with a municipal or other government authority, pursuant to any contract or agreement pertaining to the ownership and operation of the real estate or pursuant to any lease or agreement to lease, which may affect the stated value or saleability of the subject property or any portion thereof.
11. The interpretation of the leases and other contractual agreements, pertaining to the operation and ownership of the property, as expressed herein, is solely the opinion of the author and should not be construed as a legal interpretation. Further, the summaries of these contractual agreements are presented for the sole purpose of giving the reader an overview of the salient facts thereof.
12. The property has been valued on the basis that the real estate complies in all material respects with any restrictive covenants affecting the site and has been built and is occupied and being operated, in all material respects, in full compliance with all requirements of law, including all zoning, land use classification, building, planning, fire and health by-laws, rules, regulations, orders and codes of all federal, provincial, regional and municipal governmental authorities having jurisdiction with respect thereto. (It is recognized there may be work orders or other notices of violation of law outstanding with respect to the real estate and that there may be certain requirements of law preventing occupancy of the real estate as described in this report. However, such circumstances have not been accounted for in the appraisal process).
13. Investigations have been undertaken in respect of matters which regulate the use of land. However, no inquiries have been placed with the fire department, the building inspector, the health department or any other government regulatory agency, unless such investigations are expressly represented to have been made in this report. The subject property must comply with such regulations and, if it does not comply, its non-compliance may affect the market value of this property. To be certain of such compliance, further investigations may be necessary.
14. The property has been valued on the basis that there is no action, suit, proceeding or investigation pending or threatened against the real estate or affecting the titular owners of the property, at law or in equity or before or by any federal, provincial or municipal department,



Industrial Property, 8916 - 44th Street SE, Calgary Alberta

- commission, board, bureau, agency or instrumentality which may adversely influence the value of the real estate herein appraised.
15. The data and statistical information contained herein were gathered from reliable sources and are believed to be correct. However, these data are not guaranteed for accuracy, even though every attempt has been made to verify the authenticity of this information as much as possible.
 16. The estimated market value of the property does not necessarily represent the value of the underlying shares, if the asset is so held, as the value of the share could be affected by other considerations. Further, the estimated market value does not include consideration of any extraordinary financing, rental or income guarantees, special tax considerations or any other atypical benefits which may influence the ordinary market value of the property, unless the effects of such special conditions, and the extent of any special value that may arise therefrom, have been described and measured in this report.
 17. Should title to the real estate presently be held (or changed to a holding) by a partnership, in a joint venture, through a Co-tenancy arrangement or by any other form of divisional ownership, the value of any fractional interest associated therewith may be more or less than the percentage of ownership appearing in the contractual agreement pertaining to the structure of such divisional ownership. For the purposes of our valuation, we have not made any adjustment for the value of a fractional interest.
 18. In the event of syndication, the aggregate value of the limited partnership interests may be greater than the value of the freehold or fee simple interest in the real estate, by reason of the possible contributory value of non-realty interests or benefits such as provision for tax shelter, potential for capital appreciation, special investment privileges, particular occupancy and income guarantees, special financing or extraordinary agreements for management services.
 19. Unless otherwise noted, the estimated market value of the property referred to herein is predicated upon the condition that it would be sold on a cash basis to the vendor subject to any contractual agreements and encumbrances as noted in this report as-is and where-is, without any contingent agreements or caveats. Other financial arrangements, good or cumbersome, may affect the price at which this property might sell in the open market.
 20. Should the author of this report be required to give testimony or appear in court or at any administrative proceeding relating to this appraisal, prior arrangements shall be made beforehand, including provisions for additional compensation to permit adequate time for preparation and for any appearances that may be required. However, neither this, nor any other of these assumptions or limiting conditions, is an attempt to limit the use that might be made of this report should it properly become evidence in a judicial proceeding. In such a case, it is acknowledged that it is the judicial body which will decide the use of this report which best serves the administration of justice.
 21. Because market conditions, including economic, social and political factors, change rapidly and, on occasion, without notice or warning, the estimate of market value expressed herein, as of the effective date of this appraisal, cannot necessarily be relied upon as of any other date without subsequent advice of the author of this report.
 22. The value expressed herein is in Canadian dollars.
 23. This report is only valid if it bears the original signature(s) of the author(s).
 24. These Contingent and Limiting Conditions shall be read with all changes in number and gender as may be appropriate or required by the context or by the particulars of this mandate.



Appendix B

Definitions





Definitions

Property Interests

- Fee Simple**
- Absolute ownership unencumbered by any other interest or estate subject only to the four powers of government.
- Leased Fee Estate**
- An ownership interest held by a landlord with the right of use and occupancy conveyed by lease to others; the rights of lessor or the leased fee owner and leased fee are specified by contract terms contained within the lease.
- Leasehold Estate**
- The right to use and occupy real estate for a stated term and under certain conditions; conveyed by a lease.

General Definitions

Adjusted or Stabilized Overall Capitalization Rate is usually derived from transactions with excessive vacancy levels or contract rents over/under market levels. In such cases, net operating income is "normalized" to market levels and the price adjusted to reflect expected costs required to achieve the projected net operating income.

The Cost Approach to value is based upon the economic principle of substitution, which holds that the value of a property should not be more than the amount by which one can obtain, by purchase of a site and construction of a building without undue delay, a property of equal desirability and utility.

Direct or Overall Capitalization refers to the process of converting a single year's income with a rate or factor into an indication of value.

The Direct Comparison Approach examines the cost of acquiring equally desirable and valuable substitute properties, indicated by transactions of comparable properties, within the market area. The characteristics of the sale properties are compared to the subject property on the basis of time and such features as location, size and quality of improvements, design features and income generating potential of the property.

Discount Rate is a yield rate used to convert future payments or receipts into a present value.

Discounted Cash Flow Analysis offers an opportunity to account for the anticipated growth or decline in income over the term of a prescribed holding period. More particularly, the value of the property is equivalent to the discounted value of future benefits. These benefits represent the annual cash flows (positive or negative) over a given period of time, plus the net proceeds from the hypothetical sale at the end of the investment horizon.

Two rates must be selected for an application of the DCF process:

- the internal rate of return or discount rate used to discount the projected receivables;





Industrial Property, 8916 - 44th Street SE, Calgary, Alberta

- an overall capitalization rate used in estimating reversionary value of the asset.

The selection of the discount rate or the internal rate of return is based on comparing the subject to other real estate opportunities as well as other forms of investments. Some of the more common benchmarks in the selection of the discount rate are the current yields on long term bonds and mortgage interest rates.

Exposure Time is the property's estimated marketing time prior to a hypothetical sale at market value on the effective date of the appraisal. Reasonable exposure time is a necessary element of a market value definition but is not a prediction of a specific date of sale.

Highest and Best Use - The purpose of a highest and best use analysis is to provide a basis for valuing real property. Highest and best use is defined by the Appraisal Institute of Canada as:

"that use which is most likely to produce the greatest net return over a period of time." The highest and best use must be legally permissible, physically possible, financially feasible and maximally productive.

The Income Approach to value is utilized to estimate real estate value of income-producing or investment properties.

Internal Rate of Return is the yield rate that is earned or expected over the period of ownership. It applies to all expected benefits including the proceeds of sale at the end of the holding period. The IRR is the Rate of Discount that makes the net present value of an investment equal zero.

Market Value - The Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Institute of Canada define "Market Value" (The Appraisal Institute of Canada, Canadian Uniform Standards of Professional Appraisal Practice, 2016 ed. Pages 100-101) as:

"The most probable price, as of a specified date, in cash, or in term equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress."

Implicit in this definition are the consummation of a sale as of the specified date and the passing of title from seller to buyer under conditions whereby:

- buyer and seller are typically motivated;
- both parties are well informed or well advised and acting in what they consider their best interests;
- a reasonable time is allowed for exposure in the market;
- payment is made in terms of cash in Canadian dollars or in terms of financial arrangements comparable thereto;
- the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.





Net Operating Income is the actual or anticipated net income remaining after all operating expenses are deducted from effective gross income before debt service and depreciation. Net Operating Income is usually calculated for the current fiscal year or the forthcoming year.

Overall Capitalization Rate is an income rate that reflects the relationship between a single year's net operating income expectancy and the total property price. The Overall Capitalization Rate converts net operating income into an indication of a property's overall value.

Reasonable Exposure Time - Exposure time is always presumed to precede the effective date of the appraisal. It may be defined as:

"The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. It is a retrospective estimate based upon an analysis of past events assuming a competitive and open market."

A **Yield Rate** is applied to a series of individual incomes to obtain a present value of each.

Industrial Property, 8916 - 44th Street SE, Calgary, Alberta



Appendix C

Certificate of Title(s)

File Reference: CGY190115 /153867





Industrial Property, 8916 - 44th Street SE Calgary, Alberta



LAND TITLE CERTIFICATE

S		
LINC	SHORT LEGAL	TITLE NUMBER
0036 250 934	1412150:33:2	181 029 838

LEGAL DESCRIPTION
 PLAN 1412150
 BLOCK 39
 LOT 2
 EXCEPTING THEREOUT ALL MINES AND MINERALS
 AREA: 0.814 HECTARES (2.01 ACRES) MORE OR LESS

ESTATE: FEE SIMPLE
 ATS REFERENCE: 4;29;23;22:NW

MUNICIPALITY: CITY OF CALGARY

REFERENCE NUMBER: 141 256 334

REGISTRATION	DATE (DMY)	REGISTERED OWNER(S)		VALUE	CONSIDERATION
		DOCUMENT	TYPE		
181 029 838	06/02/2018	TRANSFER OF LAND		\$2,700,000	CASH & MORTGAGE

OWNERS

2049829 ALBERTA INC.
 OF 8916 - 44 STREET SE
 CALGARY
 ALBERTA T2C 2P6

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
771 147 064	20/10/1977	ZONING REGULATIONS SUBJECT TO CALGARY INTERNATIONAL AIRPORT ZONING REGULATIONS
811 066 062	14/04/1991	CAVEAT CAVEATOR - THE CITY OF CALGARY
181 029 839	06/02/2018	MORTGAGE MORTGAGEE - ROYAL BANK OF CANADA

(CONTINUED)





Industrial Property, 8976 - 47th Street, Scarborough, Ontario

ENCUMBRANCES, LIENS & INTERESTS

PAGE 2
101 029 838

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
---------------------	--------------	-------------

		36 YORK MILLS RD, 4TH FLR. TORONTO ONTARIO M2P0A4 ORIGINAL PRINCIPAL AMOUNT: \$2,295,000
--	--	---

TOTAL INSTRUMENTS: 003

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE REPRODUCTION OF THE CERTIFICATE OF TITLE REPRESENTED HEREBIN THIS 27 DAY OF FEBRUARY, 2019 AT 02:04 P.M.

ORDER NUMBER: 36776977

CUSTOMER FILE NUMBER: MB 11



END OF CERTIFICATE

THIS ELECTRONICALLY TRANSMITTED LAND TITLES PRODUCT IS INTENDED FOR THE SOLE USE OF THE ORIGINAL PURCHASER, AND NONE OTHER, SUBJECT TO WHAT IS SET OUT IN THE PARAGRAPH BELOW.

THE ABOVE PROVISIONS DO NOT PROHIBIT THE ORIGINAL PURCHASER FROM INCLUDING THIS UNMODIFIED PRODUCT IN ANY REPORT, OPINION, APPRAISAL OR OTHER ADVICE PREPARED BY THE ORIGINAL PURCHASER AS PART OF THE ORIGINAL PURCHASER APPLYING PROFESSIONAL, CONSULTING OR TECHNICAL EXPERTISE FOR THE BENEFIT OF CLIENT(S).





Industrial Property, 8916 - 44th Street SE, Calgary, Alberta

Appendix D

Land Use / Zoning

File Reference: CGY190115 / 153867



Industrial Property, 89th - 44th Street SE Calgary, Alberta

Land Use Classification
(Zoning)

- I-G, Industrial General District

Purpose

- Parcels in internal locations within industrial areas
- A wide variety of industrial uses
- Industrial buildings that have little or no relationship to adjacent parcels

Permitted Uses

- Auto Body and Paint Shop
- Auto Service – Major
- Auto Service – Minor
- Beverage Container Drop-Off Depot
- Brewery and Distillery – Class 1
- Car Wash – Multi-Vehicle
- Car Wash – Single Vehicle
- Catering Service – Major
- Catering Service – Minor
- Contractor's Shop – Class 1
- Contractor's Shop – Class 2
- Crematorium
- Distribution Centre
- Dry-cleaning and Fabric Care Plant
- Equipment Yard
- Food and Beverage Processor – Class 1
- Food and Beverage Processor – Class 2
- Freight Yard
- Health Services Laboratory — without Clients
- Household Appliance and Furniture Repair Service
- Industrial Design and Testing — Inside
- Industrial Design and Testing — Outside
- Industrial Repair and Service — Inside
- Industrial Repair and Service — Outside
- Instructional Facility — Inside
- Instructional Facility — Outside
- Large Vehicle Service
- Large Vehicle Wash



- Manufacturer — Class 1
- Manufacturer Class 2
- Motion Picture Production Facility
- Municipal Works Depot
- Park
- Parking Lot — Grade
- Parking Lot — Structure
- Power Generation Facility — Medium
- Power Generation Facility — Small
- Printing, Publishing and Distributing;
- Protective and Emergency Service
- Recreational Vehicle Service
- Recycling Plant
- Sign — Class A
- Sign — Class B
- Sign — Class C
- Sign — Class D
- Specialty Food Store
- Storage Yard
- Utilities
- Utility Building
- Vehicle Storage — Large
- Vehicle Storage — Passenger
- Vehicle Storage — Recreational
- Warehouse — Storage Only

Density

The maximum gross floor area of all buildings on a parcel that is not serviced by City water and sewer, is 1600.0 square metres. The maximum floor area ratio for buildings on a parcel that is serviced by City water and sewer is 1.0. The maximum building height is 16.0 metres





Industrial Property, 8916 - 41st Street SE, Calgary, Alberta

Appendix E

Comparable Transactions

File Reference: CGY190115 / 153867



Multi-Tenant Industrial Building 41 Royal Vista Drive NW, Calgary, Alberta



Property Description

Tenancy Type	Multi-Tenant
Property Type	Industrial
Property Sub-Type	Office Warehouse
Property Class	A Class
Construction	Concrete/Steel
Year Built	2010
Rentable Area	36,915 SF
Site Size	1.98 acres
No. of Buildings	One Building
Office Build-Out (%)	35.6 %
Clear Height (feet)	24 feet
Loading	
Dock	No
Grade	Yes
Rail	No

Transaction Details

Sale Price (100% Equivalent)	\$8,500,000	\$230 per SF
Interest Transferred	100 %	
Status	Closed	
Date	30-Oct-18	
Occupancy	100 %	
Vendor	Mountain Properties Inc	
Purchaser	Nexus REIT	
Document No	181231936	
Rights Conveyed	Leased Fee	

Comments

Record No 146477 Sale lease-back in a two-tenant industrial building. No atypical conditions were known to have influenced this transaction.

Investment Characteristics

Income

The income in place at the date of sale was considered to be reflective of prevailing market levels; market lease rates were growing at rates consistent with economic growth levels; weighted average lease term remaining was estimated at between 5 and 10 years; and overall tenancy strength was thought to be of good quality

Physical

The overall quality of the construction was considered to be very good and at the date of transfer the property was believed to be in very good overall condition.

Location / Legal / Land Use

Address	41 Royal Vista Drive NW
Municipality / District	Calgary / Royal Vista
Province	Alberta
Roll No.	201362159
Legal	0813886; 1; 3
Zoning / Land Use	DC 57Z2007

Income Analysis

Base Rent	\$543,715
Recovery Income	\$262,891
Other Income	\$0
Potential Gross Income	\$806,606
Vacancy Allow (3.0 %)	(\$24,198)
Effective Gross Income	\$782,408
Less: Operating Expenses	\$152,550
Less: Realty Taxes	\$110,341
Less: Structural Allowance (1.0 %)	\$7,824
Net Operating Income	\$511,693
NOI per SF	\$13.86

Return / Yield Analysis

SOCR	6.02 %
AOCR	6.40 %

Location

Within its district, the property occupies a good location. The property is located in a district in a phase of stability. The site offers good access and good exposure characteristics. There was a stable trend in availability in the sub-market within which the property is located.

Investment Market

As of the date of this transaction the investment market for such properties was, in general, static; capitalization and discount rates were stable.



Industrial Property, 6916 - 44th Street SE, Calgary, Alberta

Industrial Building

4711 - 13 street NE, Calgary, Alberta



Property Description

Tenancy Type	Multi-Tenant
Property Type	Industrial
Property Sub-Type	Office Warehouse
Property Class	B Class
Construction	Concrete/Concrete Block/Steel
Year Built	1974
Rentable Area	24,000 SF
Site Size	1.37 acres
No. of Buildings	One Building
Office Build-Out (%)	TBC
Clear Height (feet)	18'
Loading	
Dock	No
Grade	Yes
Rail	No

Transaction Details

Sale Price (100% Equivalent)	\$3,500,000	\$146 per SF
Interest Transferred	100 %	
Status	Closed	
Date	26-Jul-17	
Occupancy	100 %	
Vendor	V&G Fornaro Holdings Ltd	
Purchaser	2000152 Alberta Ltd.	
Document No.	171165477	
Rights Conveyed	Leased Fee	

Comments

Record No 138106 No atypical conditions were known to have influenced this transaction, further confirmation may be required.

Investment Characteristics

Income

The income in place at the date of sale was considered to be reflective of prevailing market levels; market lease rates were growing at rates consistent with economic growth levels; weighted average lease term remaining was estimated at between 2 and 5 years; and overall tenancy strength was thought to be of average quality

Physical

The overall quality of the construction was considered to be good and at the date of transfer the property was believed to be in good overall condition

Location / Legal / Land Use

Address	4711 - 13 street NE
Municipality / District	Calgary / McCall Industrial Park
Province	Alberta
Legal	154LK;7;25
Zoning / Land Use	I-G

Income Analysis

Base Rent	\$233,500
Recovery Income	\$118,210
Other Income	\$0
Potential Gross Income	\$351,710
Vacancy Allow. (3.0 %)	(\$10,551)
Effective Gross Income	\$341,159
Less: Operating Expenses	\$72,000
Less: Realty Taxes	\$46,210
Less: Structural Allowance (1.0 %)	\$3,412
Net Operating Income	\$219,537
NOI per SF	\$9.15

Return / Yield Analysis

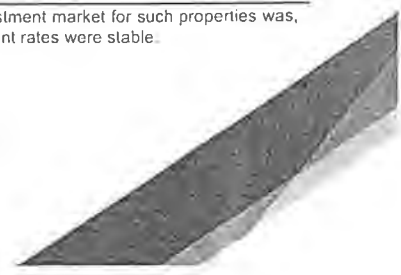
SOCR	6.27 %
AOCR	6.67 %

Location

Within its district, the property occupies a good location. The property is located in a district in a phase of stability. The site offers good access and good exposure characteristics. There was a stable trend in availability in the sub-market within which the property is located

Investment Market

As of the date of this transaction the investment market for such properties was, in general, static; capitalization and discount rates were stable.



Industrial Property, 8916 - 44th Street SE, Calgary, Alberta

Encore Metals Building 7805 - 51 Street SE, Calgary, Alberta



Property Description

Tenancy Type	Single Tenant
Property Type	Industrial
Property Sub-Type	Office Warehouse
Property Class	C Class
Construction	Concrete/Steel
Year Built	1981
Rentable Area	30,082 SF
Site Size	1.69 acres
No. of Buildings	One Building
Office Build-Out (%)	10.0 %
Clear Height (feet)	TBC
Loading	
Dock	No
Grade	Yes
Rail	No

Transaction Details

Sale Price (100% Equivalent)	\$3,475,000	\$116 per SF
Interest Transferred	100 %	
Status	Closed	
Date	5-May-17	
Occupancy	100 %	
Vendor	PIRET	
Purchaser	Guardian Capital Group	
Document No.	116027905	
Rights Conveyed	Leased Fee	

Comments

Record No 127370 No atypical conditions were noted at the time of the sale

Investment Characteristics

Income

The income in place at the date of sale was considered to be reflective of prevailing market levels; market lease rates were growing at rates consistent with economic growth levels; weighted average lease term remaining was estimated at between 5 and 10 years; and overall tenancy strength was thought to be of average quality.

Physical

The overall quality of the construction was considered to be average and at the date of transfer the property was believed to be in average overall condition

Location / Legal / Land Use

Address	7805 - 51 Street SE
Municipality / District	Calgary / Foothills Industrial
Province	Alberta
Roll No.	116027905
Legal	12; 4; 9412760
Zoning / Land Use	I-G: Industrial - General

Income Analysis

Base Rent	\$241,558
Recovery Income	\$52,000
Other Income	\$1,500
Potential Gross Income	\$295,058
Vacancy Allow (0.0 %)	\$0
Effective Gross Income	\$295,058
Less: Operating Expenses	\$1,500
Less: Realty Taxes	\$52,000
Less: Structural Allowance. (0.0 %)	\$0
Net Operating Income	\$241,558
NOI per SF	\$8.03

Return / Yield Analysis

SOCR	6.95 %
AOCR	6.95 %

Location

Within its district, the property occupies a good location. The property is located in a district in a phase of stability. The site offers good access and average exposure characteristics. There was a stable trend in availability in the sub-market within which the property is located.

Investment Market

As of the date of this transaction the investment market for such properties was, in general, static; capitalization and discount rates were stable.





Fleetbrake Building 8010 - 44th Street SE, Calgary, Alberta



Property Description

Tenancy Type	Single Tenant
Property Type	Industrial
Property Sub-Type	Office Warehouse
Property Class	B Class
Construction	Concrete/Steel
Year Built	1995
Rentable Area	23,000 SF
Site Size	3.02 acres
No. of Buildings	One Building
Office Build-Out (%)	13.9 %
Clear Height (feet)	20'
Loading	
Dock	No
Grade	Yes - 13
Rail	No

Transaction Details

Sale Price (100% Equivalent)	\$5,000,000	\$217 per SF
Interest Transferred	100 %	
Status	Closed	
Date	10-Jan-17	
Occupancy	100 %	
Vendor	Macbain Properties Ltd.	
Purchaser	Mountain Properties Inc.	
Document No.	116 022 690	
Rights Conveyed	Leased Fee	

Comments

Record No. 119265 This property was purchased as part of a portfolio transaction. Fully occupied at the time of sale until February 2019. Additional income provided through antenna rent with Rogers, expiring June 2024.

Investment Characteristics

Income

The income in place at the date of sale was considered to be reflective of prevailing market levels; market lease rates were growing at rates below economic growth levels; weighted average lease term remaining was estimated at between 2 and 5 years; and overall tenancy strength was thought to be of good quality.

Physical

The overall quality of the construction was considered to be good and at the date of transfer the property was believed to be in good overall condition.

Location / Legal / Land Use

Address	8010 - 44th Street SE
Municipality / District	Calgary / Foothills Industrial
Province	Alberta
Roll No.	116022690
Legal	8110825;5;18,19
Zoning / Land Use	I-G

Income Analysis

Base Rent	\$327,750
Recovery Income	\$130,084
Other Income	\$17,500
Potential Gross Income	\$475,334
Vacancy Allow. (3.0 %)	(\$14,260)
Effective Gross Income	\$461,074
Less: Operating Expenses	\$56,945
Less: Realty Taxes	\$73,139
Less: Structural Allowance. (1.0 %)	\$4,611
Net Operating Income	\$326,379
NOI per SF	\$14.19

Return / Yield Analysis

SOCR	6.53 %
AOCR	6.91 %

Location

Within its district, the property occupies a good location. The property is located in a district in a phase of stability. The site offers very good access and good exposure characteristics. There was a stable trend in availability in the sub-market within which the property is located.

Investment Market

As of the date of this transaction the investment market for such properties was, in general, static; capitalization and discount rates were stable.





Appendix F

Certification



Industrial Property 8916 - 44th Street SE, Calgary, Alberta

Certification

Industrial Property 8916 - 44th Street SE, Calgary, Alberta

We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct;
- The reported analyses, opinions and conclusions are limited only by the reported Contingent and Limiting conditions, and are our personal, unbiased professional analyses, opinions and conclusions;
- We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved;
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
- Our engagement in and compensation for this assignment were not contingent upon developing or reporting predetermined results, the amount of the value estimate, or a conclusion favouring the client;
- Our analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Canadian Uniform Standards of Professional Appraisal Practice and with the requirements of the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute of Canada;
- A personal inspection of the property that is the subject of this report was made on March 1, 2019 by Oliver Cunningham. Mark Berestiansky did not inspect the subject property.
- We have the knowledge and experience to complete the assignment competently.
- No one provided significant professional assistance in the preparation of this report;
- As of the date of this report the undersigned have fulfilled the requirements of The Appraisal Institute of Canada's Continuing Professional Development Program for designated and candidate members; and
- We are licensed to practice in the province of Alberta.

Final Estimate of Value

Based upon the data, analyses and conclusions contained herein, the current market value of the fee simple interest in the property described herein, as at March 1, 2019, is estimated to be as follows:

Two Million Eight Hundred Thousand Dollars
\$2,800,000

This value is based on an exposure time of three to six months.

Mark Berestiansky CPA, CMA, AACI, P.App
Managing Director, Calgary

Oliver Cunningham, B.Comm
Associate, Calgary



Appendix "D"

LOAN AGREEMENT

THIS AGREEMENT made as of the 8th day of December, 2016.

BETWEEN:

CAMBER RESOURCE SERVICES LTD.
(the "Borrower")

and

SURFACE PRO SERVICES INC. / DOUG ATKINS
(the "Noteholder")

WHEREAS the Noteholder has agreed to loan to the Borrower the sum of TWO HUNDRED THOUSAND DOLLARS (\$200,000) (the "**Principal Sum**") on the terms and conditions set forth in this Agreement;

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the mutual covenants and agreements contained herein, the sum of one dollar paid by each party to the other party and other good and valuable consideration, (the receipt and sufficiency of which is hereby acknowledged by each of the parties), it is agreed as follows:

ARTICLE 1 – THE LOAN

1.1 The Loan

The Noteholder hereby agrees to loan (the "**Loan**") the **Principal Sum** to the Borrower on the terms and subject to the conditions set forth herein. As evidence of its obligations under this Agreement, the Borrower agrees that it shall execute and deliver to the Noteholder a promissory note in an amount equal to the **Principal Sum** (the "**Note**"), in the form attached hereto as Exhibit "A". In consideration of the Loan, the Borrower hereby agrees to issue the Noteholder, SIX THOUSAND (6,000) Class "A" Common Shares in the capital of the Borrower, dated December 8, 2016.

1.2 Unsecured Obligations

The Noteholder hereby acknowledges that the obligations of the Borrower under this Agreement are unsecured and that no security will be granted by the Borrower in favour of the Noteholder in respect of such obligations.

1.3 Subordination

The Noteholder acknowledges and agrees that its rights under this Agreement and the Note will be subordinate and may be required to be postponed to the Borrower's senior lenders and such senior lenders' rights in the assets and undertaking of the Borrower and the Noteholder agrees that it will enter into any intercreditor or priorities agreement which may be reasonably requested by such senior lenders.

ARTICLE 2 – REPAYMENT

2.1 Repayment

Unless otherwise due earlier hereunder, the Principal Sum shall be repaid together with any accrued unpaid interest or other amounts payable hereunder within 90 days of the date of this Agreement (the "Maturity Date").

ARTICLE 3 – INTEREST

3.1 Interest

The Principal Sum shall bear simple interest at 14% per annum, both before and after maturity, default and judgment. Interest shall be calculated monthly on the outstanding Principal Sum commencing on the date of advance of the Principal Sum until the Principal Sum and all other amounts payable hereunder have been paid in full.

ARTICLE 4 – PAYMENTS AND PREPAYMENTS

4.1 Place of Payment

All payments of principal, interest and other amounts payable hereunder by the Borrower shall be made or delivered to the Noteholder at the following address:

3303 – 57th Avenue SE
Calgary, Alberta T2C 0B2

4.2 Prepayment

The Borrower shall be entitled to prepay any accrued interest and any of the outstanding Principal Sum of the Loan, or any portion thereof at any time, without notice, bonus or penalty.

ARTICLE 5 – REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Borrower

To induce the Noteholder to enter into this Agreement and to provide the Loan, the Borrower makes the following representations and warranties which shall survive the execution and delivery of this Agreement and the Note:

- (a) The Borrower is, and shall at all times hereafter be, a corporation which is duly organized, validly existing, and in good standing under the laws of Alberta. The Borrower has full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage.
- (b) The execution, delivery, and performance of this Agreement and all documents delivered pursuant to the terms hereof and the transactions contemplated hereby and thereby by the Borrower have been duly authorized by all necessary action by the Borrower;
- (c) The Loan Agreement constitutes, and any instrument or agreement required hereunder to be given by the Borrower when delivered will constitute, legal, valid and binding obligations of the Borrower, enforceable against it in accordance with their respective terms, subject to applicable bankruptcy and insolvency laws.

- (d) Neither the execution and delivery of this Agreement nor compliance with the terms, conditions and provisions hereof, will conflict with or result in a breach of any of the terms, conditions or provisions of:
 - (i) any provision of its articles of incorporation or organization, or bylaws;
 - (ii) any agreement, instrument or arrangement to which the Borrower is now a party or by which it is or may be bound, or constitute a default thereunder;
 - (iii) any judgment or order, writ, injunction or decree of any court; or
 - (iv) any applicable law or governmental regulation.
- (e) No action of, or filing with any governmental or public body or authority is required to authorize, or is otherwise required in connection with, the execution, delivery and performance of this Agreement or the Note by the Borrower.
- (f) There are no actions, suits or proceedings pending or, to the knowledge of the Borrower, threatened (nor to the best knowledge of the Borrower is there any pending investigation) against or involving the Borrower at law or in equity or before or by any federal, provincial, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, or before any arbitrator of any kind, which involve a reasonable possibility (so far as the Borrower can reasonably foresee) of any material adverse change in the financial affairs of the Borrower, and the Borrower is not in default with respect to any judgment, order, writ, injunction, decree, rule or regulation of any court, arbitrator or federal, provincial, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, which involves a reasonable possibility (so far as the Borrower can foresee) of any material adverse change in the financial affairs of the Borrower.

ARTICLE 6 – COVENANTS

6.1 Covenants of the Borrower

From the date of this Agreement and thereafter until the Loan (including interest thereon) and any other amounts to be paid by the Borrower to the Noteholder hereunder, is paid in full:

- (a) the Borrower will notify the Noteholder promptly if the Borrower shall default in a material manner in the payment of any of its indebtedness for borrowed money, whether such indebtedness now exists or shall hereafter be created. The Borrower also shall notify the Noteholder promptly if there shall occur a material event of default under any mortgage, indenture or instrument (including without limitation this Agreement) under which there may be issued, or by which there may be incurred or evidenced, any indebtedness of the Borrower for borrowed money, whether such indebtedness now exists or shall hereafter be created.
- (b) The Borrower will comply with the requirements of all applicable laws, rules, regulations and orders of any governmental authority, a breach of which would materially and adversely affect the financial condition or business of the Borrower, except where contested in good faith and by proper proceedings.
- (c) The Borrower will promptly give the Noteholder notice in writing of all litigation and all proceedings before any governmental or regulatory agencies or arbitration authorities affecting the Borrower, except those which, if adversely determined, would not have a material adverse effect on the financial condition or business of the Borrower.

ARTICLE 7 – EVENTS OF DEFAULT

7.1 Default

Subject to Section 1.3, the Principal Sum, together with accrued interest thereon, and all other obligations of the Borrower hereunder shall become and be immediately due and payable upon written notice of the Noteholder if any one or more of the following events (herein called "Events of Default") shall occur for any reason whatsoever:

- (a) upon default of payment of the interest or the Principal Sum when due hereunder;
- (b) if any representation or warranty of the Borrower in this Agreement shall prove to have been untrue or incorrect in any material respect on the date as of which it was made and such default shall have continued for a period of 10 days after notice from the Noteholder to the Borrower;
- (c) if the Borrower shall default in the performance or observance of any covenant in this Agreement and such default shall have continued for a period of 10 days after notice from the Noteholder to the Borrower;
- (d) if the Borrower shall:
 - (i) admit in writing its inability to pay its debts generally as they become due, or not pay its debts generally as they become due;
 - (ii) file an assignment or a petition in bankruptcy, as the case may be, or a petition to take advantage of any insolvency statute;
 - (iii) make an assignment for the benefit of its creditors;
 - (iv) consent to the appointment of a receiver of the whole or any substantial part of their properties;
 - (v) file a petition or answer seeking reorganization, arrangement, adjustment or composition under applicable bankruptcy laws or any other applicable law or statute of Canada or any subdivision thereof, and
 - (vi) have been adjudged by a court having jurisdiction in the premises a bankruptcy or insolvent, or a decree or order of a court having jurisdiction in the premises shall have been entered for the appointment of a receiver or liquidator or trustee or assignee in bankruptcy of the Borrower and such decree or order shall remain in full force undischarged or unstayed for a period of 60 days; and
- (e) the validity or enforceability of this Agreement shall be contested by the Borrower.

7.2 Remedies

After any acceleration provided for in Section 7.1, the Noteholder shall have, in addition to the rights and remedies given it by this Agreement, all those allowed by all applicable laws; provided that such rights and remedies shall be subject to the other provisions of this Agreement.

ARTICLE 8 – GENERAL CONTRACT PROVISIONS

8.1 Notices

All notices, requests, demands or other communications (collectively "Notices") by the terms hereof required or permitted to be given by one party to any other party, or to any other person shall be given in writing by personal delivery or by registered mail, postage prepaid, or by facsimile transmissions to such other party as follows:

(a) To the Borrower at: Camber Resource Services Ltd.
1550, 645 - 7th Ave SW
Calgary, AB T2P 4G8

Mailing Address:
PO Box 1903, Strn. M
Calgary, Alberta T2P 2M2

Telephone: (403) 629-6156
Email: cds@camberltd.com

To the Noteholder at: Surface Pro Services Inc.
3303 - 57th Avenue SE
Calgary, Alberta T2C 0B2

Telephone: (403) 271-5989
Fax: (403) 274-3816
Email: doug@surfacepros.ca

or at such other address as may be given by such person to the other party hereto in writing from time to time.

All such Notices shall be deemed to have been received when delivered or transmitted, or, if mailed, 48 hours after 12:00 a.m. on the day following the day of the mailing thereof. If any Notice shall have been mailed and if regular mail service shall be interrupted by strikes or other irregularities, such Notice shall be deemed to have been received 48 hours after 12:00 a.m., on the day following the resumption of normal mail services, provided that during the period that regular mail service shall be interrupted all Notices shall be given by personal delivery or by facsimile transmission.

8.2 Further Assurances

The parties shall sign such further and other documents, cause such meetings to be held, resolutions passed and by-laws enacted, exercise their vote and influence, do and perform and cause to be done and performed such further and other acts and things as may be necessary or desirable in order to give full effect to this Agreement and every part thereof.

8.3 Counterparts

This Agreement may be executed in several counterparts, each of which when executed shall be deemed to be an original and such counterparts together shall be but one and the same instrument.

8.4 Time of the Essence

Time shall be of the essence of this Agreement and of every part hereof and no extension or variation of this Agreement shall operate as a waiver of this provision.

8.5 Entire Agreement

This Agreement constitutes the entire agreement between the parties with respect to all of the matters herein and its execution has not been induced by, nor do any of the parties rely upon or regard as material, any representations or writings whatever not

incorporated herein and made a part hereof and may not be amended or modified in any respect except by written instrument signed by the parties hereto.

8.6 Enurement

This Agreement shall ensure to the benefit of and be binding upon the parties and their respective successors and assigns.

8.7 Currency

Unless otherwise provided for herein, all monetary amounts referred to herein shall refer to the lawful money of Canada.

8.8 Headings for Convenience Only

The division of this Agreement into articles and sections is for convenience of reference only and shall not affect the interpretation or construction of this Agreement.

8.9 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein and each of the parties hereto agrees irrevocably to conform to the non-exclusive jurisdiction of the Courts of such Province.

8.10 Gender

In this Agreement, words importing the singular number shall include the plural and vice versa, and words importing the use of any gender shall include the masculine, feminine and neuter gender and the word "person" shall include an individual, a trust, a partnership, a body corporate, an association or other incorporated or unincorporated organization or entity.

8.11 Legislation References

Any references in this Agreement to any law, by-law, rule, regulation, order or act of any government, governmental body or other regulatory body shall be construed as a reference thereto as amended or re-enacted from time to time or as a reference to any successor thereto.

8.12 Severability

If any Article, Section or any portion of any Section of this Agreement is determined to be unenforceable or invalid for any reason whatsoever, the enforceability or invalidity of the remaining portions of this Agreement and such unenforceable or invalid Article, Section or portion thereof shall be severed from the remainder of this Agreement.

8.13 Transmission by Facsimile

The parties hereto agree that this Agreement may be transmitted by facsimile or such similar device and that the reproduction of signatures by facsimile or such similar device will be treated as binding as if originals and each party hereto undertakes to provide each and every other party hereto with a copy of the Agreement bearing original signatures forthwith upon demand.

8.14 Waivers and Amendments, etc.

The provisions of this Agreement may not be amended, modified or waived, unless such amendment, modification or waiver is in writing and consented to in writing by the Borrower and the Noteholder. No failure or delay on the part of the Borrower, or the Noteholder in exercising any power or right under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such power or right preclude any other or further exercise thereof or the exercise of any other power or right.

IN WITNESS WHEREOF the parties have duly executed this Loan Agreement.

CAMBER RESOURCE SERVICES LTD.

Per: _____

Per: _____

SURFACE PRO SERVICES INC.

Per: _____
Doug Atkins, President

Appendix "E"

CONSTRUCTION COMPLETION AND PAYMENT AGREEMENT

This Agreement made effective this 8 day of May, 2019 (the "Effective Date")

BETWEEN:

Deloitte Restructuring Inc. in its capacity as Court-appointed receiver and manager (the "Receiver") of Surface Pro Services Inc., Atkins Kuntz Construction Group Inc. and 2049829 Alberta Inc., and not in its personal or corporate capacities

- and -

Axiom Builders Inc. ("Axiom")

WHEREAS:

- A. The Receiver was appointed over the assets, undertakings and properties of Surface Pro Services Inc. ("SPS"), Atkins Kuntz Construction Group Inc. ("AKC") and 2049829 Alberta Inc. (collectively, the "Debtors"), on March 20, 2019, by Order (the "Receivership Order") of the Honourable Mr. Justice K.D. Yamauchi, granted in Alberta Court of Queen's Bench Action No. 1901-03824 (the "Receivership Proceedings");
- B. In the course of the Receivership Proceedings, the Receiver has identified a certain contract entered (AB BOOT – AX-1102-01) into between SPS and Axiom, concerning a project (the "Alberta Boot Project") located at 610 -10 Avenue SW, Calgary, Alberta and 620 – 10 Avenue SW, Calgary, Alberta (the "Alberta Boot Project Site");
- C. Substantial completion on the Alberta Boot Project was achieved on December 13, 2018, and the 24 month warranty period (the "Warranty Period") with respect to the Alberta Boot Project expires December 13, 2020. Maintenance work on the Alberta Boot Project Site is to be performed by a third party until December 13, 2020;
- D. The Receiver and Axiom (together, the "Parties", and each a "Party") have come to an agreement (this "Agreement") to allow the Receiver to complete the work required in respect of the Alberta Boot Project;
- E. Axiom is currently holding certain funds in the amount of \$282,090 as at April 15, 2019 (the "Funds") in respect of the Alberta Boot Project, a portion of which will be paid to the Receiver pursuant to the terms of this Agreement; and
- F. Axiom has been provided with a copy of the Receivership Order, and agrees that the Receiver is not obligated to take any further steps with respect to the Alberta Boot Project, although the Receiver is able to do so if it so chooses and is able to use such agents and contractors as it deems appropriate in order to do so;

NOW THEREFORE, in consideration of the premises and the mutual agreements and covenants contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Receiver and Axiom hereby covenant and agree as follows

1. INTERPRETATION

- 1.1 This Agreement will be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein (without application of the principles of conflicts of laws). For the purpose of all legal proceedings, this Agreement will be deemed to have been performed in the Province of Alberta and the Parties hereby irrevocably submit to the exclusive jurisdiction of the Court of Queen's Bench of Alberta in the Judicial District of Calgary and all courts competent to hear appeals therefrom for all matters arising out of or in connection with this Agreement or any of the transactions contemplated hereby.
- 1.2 Time shall be of the essence of this Agreement.
- 1.3 Grammatical variations of any terms defined herein have similar meanings, words importing the singular number shall include the plural and *vice versa*, and words importing the masculine gender shall include the feminine and neuter genders. The division of this Agreement into separate articles, sections, subsections, paragraphs and subparagraphs, and the insertion of headings and references are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.
- 1.4 If at any time any provision of this Agreement is or becomes invalid, illegal or unenforceable in any respect under the law of any jurisdiction, to the extent permitted by applicable law, the validity, legality and enforceability of any remaining provisions (and of such provision under the law of any other jurisdiction) shall not in any way be affected or impaired.
- 1.5 Words and phrases like "including", "specifically" and "particularly" when following any general statement, term or matter, shall not be construed to limit such general statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not non-limiting language (such as "without limitation" or "but not limited to" or words of similar import) is used with reference thereto but rather shall be deemed to refer to all other items or matters that could reasonably fall within the broadest possible scope of such general statement, term or matter.
- 1.6 All the obligations on the part of each of the Parties shall be construed and read as if such obligations are covenants notwithstanding that the term covenant is not used.
- 1.7 All references to currency in this Agreement shall be deemed to be references to Canadian dollars.
- 1.8 No supplement, modification, waiver or amendment of this Agreement shall be binding unless executed in writing by the Parties in the same manner as the execution of this Agreement.
- 1.9 No waiver of any of the provisions of this Agreement shall constitute or shall be deemed to constitute a waiver of any other provision (whether or not similar), nor shall any waiver constitute a continuing waiver unless otherwise expressed or provided.

2. CONSTRUCTION COMPLETION AND AGREEMENT FOR PAYMENTS

- 2.1 The Receiver will arrange for the required work (the "Work") to be performed on the Alberta Boot Project. The Work will include but not limited to the installation of Bok Modern screens, the supply and placement of the GFRC planter, the supply and installation the loam in the GFRC planter, the supply and installation of the last of the pergola flashing caps and all work per the contract documents. The Parties agree that the cost of the Work to be completed will not exceed \$20,000.00.
- 2.2 Axiom will pay \$74,472.00 to the Receiver upon the execution of this Agreement.
- 2.3 Axiom will immediately pay approximately \$141,065.35 to the outstanding payables, being \$59,791.86 (plus GST) to T&T Woodwork, \$27,585.67 (plus GST) to The Fence Store, \$11,947.00 (plus GST) to Landscape Forms, \$6,447.55 (GST included) to Joti International, and the Canadian equivalent of \$26,388.26 USD to Bok Modern. Upon the aforementioned payments have been made, Axiom confirms that all suppliers and trades as noted in Section 2.3 in respect of the Alberta Boot Project will have been in full for all services rendered and materials supplied, and will have no further claims against the Alberta Boot Project, the Debtors or the Receiver.
- 2.4 Axiom will pay \$20,000.00 to the Receiver upon the completion of the Work on the Alberta Boots Project per contract documents.
- 2.5 Axiom will hold \$30,000.00 as a warranty holdback (the "Holdback"), which will be held until the expiry of the Warranty Period, and applied to any necessary warranty work performed by Axiom. Any such warranty work must be documented by Axiom and such documentation shall be presented to the Receiver and if accepted by the Receiver to the Receiver's and Axiom's satisfaction per the contract documents, agreed upon amounts will be deducted from the Holdback for the warranty work performed. Any portion of the Holdback remaining at the expiry of the Warranty Period will be paid by Axiom to the Receiver immediately thereafter.
- 2.6 The Receiver may elect at any point to not take further steps under the corrective action plan or at all with respect to the Alberta Boot Project, in which case the Receiver may choose to disclaim its right, title and interest in the Agreement, and in which case the Receiver shall advise Axiom of the Receiver's intentions in this regard. In such circumstances, the Parties agree that Axiom shall be entitled to hold all remaining Funds.
- 2.7 The Receiver may elect at any point to offer an assignment of its right, title and interest in the Alberta Boot Project, at which point any successful purchaser shall be advised of this Agreement, the status of the Work, and the existence of the remaining Funds.

3. REPRESENTATIONS AND WARRANTIES

- 3.1 The Parties hereby represent and warrant to each other that the following statements are true and correct as of the Effective Date, and will be true and correct as of the Payment Date, and acknowledge and confirm that each other Party is relying on such representations and warranties in connection with its execution and delivery of this Agreement:

- (a) the Parties have the full power, authority, right and capacity to execute and deliver this Agreement and to complete their respective obligations hereunder;
- (b) the execution and delivery of this Agreement have been properly authorized by all necessary corporate or governmental action on the part of the Parties;
- (c) this Agreement constitutes a legal, valid and binding obligation of the Parties, enforceable against the Parties in accordance with its terms and conditions;
- (d) the execution and delivery by the Parties of this Agreement will not result in the breach of any of the provisions of, or constitute a default under or conflict with:
 - (i) any applicable law; or
 - (ii) any judgment, decree or award of any governmental authority or arbitrator.

3.2 In the event of the occurrence of any material change or damage to the Alberta Boot Project Site, the Receiver shall forthwith notify Axiom of the occurrence and shall provide such details with respect to the same as are reasonably available to the Receiver.

4. WAIVER AND RELEASE

4.1 Subject to compliance with Section 2.1 of this agreement Axiom, on behalf of itself and its agents, representatives, officers, directors, shareholders, advisors, employees, subsidiaries, affiliates, successors and assigns (collectively, "Releasors"), hereby forever waives, releases and discharges, to the fullest extent permitted by applicable law, the Receiver and the Debtors (the "Releasees"), and their successors and assigns and each and all of the officers, directors, employees, agents, attorneys and other representatives of each of the foregoing from any and all claims (including, without limitation, crossclaims, counterclaims, claims of lender liability, rights of set-off and recoupment), actions, causes of action, suits, debts, accounts, interests, liens, promises, warranties, damages and consequential damages, demands, judgments, executions, costs, expenses or claims whatsoever (collectively, the "Claims"), that such Releasor now has or hereafter may have, of whatsoever nature and kind, whether known or unknown, whether arising at law or in equity, against the Receiver or the Debtors, in each case based in whole or in part on facts, whether or not now known, existing before the date hereof, and that relate to, arise out of or otherwise are in connection with the Alberta Boot Project or the Work

4.2 In entering into this Agreement, Axiom has consulted with, and has been represented by, legal counsel and expressly disclaims any reliance on any representations, acts or omissions by the Receiver or the Debtors, and hereby agrees and acknowledges that the validity and effectiveness of the releases set forth above do not depend in any way on any such representations, acts and/or omissions or the accuracy, completeness or validity hereof. Axiom, on behalf of itself and all other Releasors, hereby absolutely, unconditionally and irrevocably, covenants and agrees with and in favor of each Releasee that it will not sue (at law, in equity, in any regulatory proceeding or otherwise), and will not encourage or support, directly or indirectly, any other Releasor or other person in suing, or commencing any proceedings or exercising or purporting to exercise rights or remedies against, any Releasee on

the basis of any Claim released, remised and discharged by Axiom hereunder. The provisions of this Section 4.2 shall survive the termination of this Agreement.

5. FURTHER ASSURANCES

5.1 Each of the Parties shall at all times hereafter execute and deliver at the request of the other Party all such further documents, deeds and instruments and shall do and perform all such acts as may be necessary to give full effect to the intent and meaning of this Agreement.

6. ENUREMENT

6.1 This Agreement will be binding upon and will enure to the benefit of the Parties and their respective successors and permitted assigns.

7. NOTICES

7.1 All notices, requests, consents, acceptances, waivers, demands or other communications required or permitted to be given by either Party to the other pursuant to this Agreement shall be given in writing and delivered by personal service or electronic transmission, addressed as follows:

To Axiom:

Axiom Builders Inc.
200 - 927 10 Ave SW
Calgary, AB T2R 1A8
Attention: Champson Le
Email: cle@axiombuilders.ca

To the Receiver:

Deloitte Restructuring Inc.
700, 850 - 2 Street SW
Calgary, Alberta T2P 0R8
Attention: Ryan Adlington
E-mail: radlington@deloitte.ca

With a copy to:

Torvs LLP
525 - 8th Avenue SW
46 Floor, Eighth Avenue Place East
Calgary, AB T2P 1G1
Attention: Kyle Kashuba
E-mail: kkashuba@torvs.com

subject to any notice of change of address or contact information given in accordance herewith.

- 7.2 Any notice if delivered between the hours of 8:30 a.m. and 4:30 p.m. Calgary time shall be deemed to have been given and received on the day of personal service or electronic transmission to the recipient Party, provided that if such date is a day other than a Business Day such notice shall be deemed to have been given and received on the first Business Day following the date of personal service or electronic transmission.

8. LEGAL FEES AND TAXES

- 8.1 Each Party will pay its own legal fees under, pursuant to, or relating in any way to this Agreement.

9. ENTIRE AGREEMENT

- 9.1 This Agreement sets forth the entire agreement and understanding of the Parties with respect to the subject matter hereof and supersedes all prior agreements and understandings between the Parties with respect thereto and there are no oral or written agreements, promises, warranties, terms, conditions, representations or collateral agreements whatsoever, express or implied, with respect thereto other than those contained in this Agreement.

10. PAYMENTS

- 10.1 Any payments of monies required hereunder to be made to either Party shall be made by certified trust cheque, wire transfer, bank draft or certified cheque.

11. COUNTERPARTS AND FACSIMILE DELIVERY

- 11.1 This Agreement may be executed in separate counterparts, including by facsimile or portable document format (PDF) and the signing or execution by way of facsimile, portable document format (PDF) or counterpart will have the same effect as the signing or execution of the original.

12. ASSIGNMENT

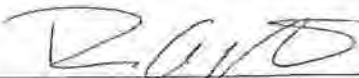
- 12.1 The Receiver shall have the right to assign its rights and obligations under this Agreement.

[The Remainder Of This Page Is Intentionally Left Blank]

IN WITNESS WHEREOF the Parties hereto have caused this Agreement to be signed in their name and on their behalf by their duly authorized signatories as of the date first written above.

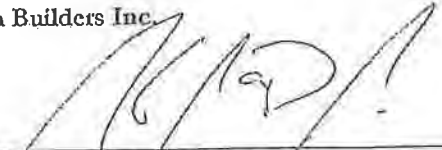
Deloitte Restructuring Inc. in its capacity as Court-appointed receiver and manager of Surface Pro Services Inc., Atkins Kuntz Construction Group Inc. and 2049829 Alberta Inc., and not in its personal or corporate capacities

Per:


Name: RYAN ADAMSON
Title: SENIOR VICE PRESIDENT

Axiom Builders Inc.

Per:


Name: R. McDonald
Title: VICE PRESIDENT.

**CONFIDENTIAL APPENDICES –
THESE HAVE BEEN REDACTED**