

IN THE COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL DISTRICT OF CALGARY

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*  
R.S.C. 1985 c. B-3, AS AMENDED

AND IN THE MATTER OF THE RECEIVERSHIP OF SIGNATURE CAPITAL INC., CONB DEVELOPMENT CORP., CONB FINANCE CORP., CONB CAPITAL CORP., URBAN ELEMENTS CENTRE GP LTD., URBAN ELEMENTS CENTRE LIMITED PARTNERSHIP, SIGNATURE UEC CAPITAL INC., WESTSTONE DEVELOPMENT CORP., WESTSTONE FINANCE CORP., SLRV FINANCE CORP., ALLAN BEACH DEVELOPMENTS GP LTD., ALLAN BEACH LIMITED PARTNERSHIP, BEACHES WEST CAPITAL CORP., POPLAR GROVE DEVELOPMENTS GP LTD., POPLAR GROVE LIMITED PARTNERSHIP, BIRCH BAY DEVELOPMENTS GP LTD., BIRCH BAY DEVELOPMENTS LIMITED PARTNERSHIP, FRANCOIS CAPITAL CORP., A VIRGINIA WILSON HOLDINGS, FIR CREST RESORT DEVELOPMENT LP, FIR CREST RESORT DEVELOPMENT GP LTD., FIR CREST FINANCE CORP., FIR CREST CAPITAL CORP., SCI FINANCE CORP., SIGNATURE US SUNBELT CAPITAL CORP., SIGNATURE US SUNBELT INVESTMENT CORP., SCI BRIDGE II FINANCE CORP., SUMMERS PLACE GP LTD., SUMMERS PLACE LIMITED PARTNERSHIP, METRO WEST I GP LTD., METRO WEST II GP LTD., SIGNATURE LETHBRIDGE FAIRVIEW CAPITAL CORP., HEARTHWOOD I LIMITED PARTNERSHIP, HEARTHWOOD II LIMITED PARTNERSHIP, HEARTHWOOD III LIMITED PARTNERSHIP, HEARTHWOOD I DEVELOPMENTS GP LTD., HEARTHWOOD II DEVELOPMENTS GP LTD., and HEARTHWOOD III DEVELOPMENTS GP LTD.

**NOTICE OF MOTION**

TAKE NOTICE that an application will be made by RSM Richter Inc. (the "Receiver") before Madam Justice K. M. Horner, in Chambers at the Calgary Courts Centre, 601 – 5<sup>th</sup> Street S.W., in the City of Calgary, in the Province of Alberta, on Wednesday, the 2nd day of December, 2009, at the hour of 1:30 o'clock in the afternoon, or so soon thereafter as counsel may be heard, for an Order:

- (a) accepting and approving the Sale Agreement between the Receiver and Normandale Holdings Ltd. ("Normandale") dated October 9, 2009, as amended on November 24, 2009 (the "Normandale Purchase Agreement") in the amount of \$6,400,000;

- (b) declaring that upon Closing the interests of CONB pursuant to the Normandale Purchase Agreement shall vest in Normandale free and clear of all claims and liens, save and except permitted encumbrances (the "Vesting Order");
- (c) authorizing and directing the Receiver to execute any and all conveyances, transfers and other documents necessary to complete the sale transaction;
- (d) directing the appropriate government land title authorities to register discharge of encumbrances as may be required pursuant to the Vesting Order conveying clear title to CONB's interest in the properties to Normandale;
- (e) requesting the Court in the Province of Saskatchewan, where the assets of CONB are located to act in aid, to the extent necessary, and complimentary to this Order and carry out the terms of the within Order;
- (f) directing that the confidential appendices attached to the First Report of the Receiver dated November 25, 2009 be sealed on the Court file and not available to any party without leave of the Court on notice to the Receiver;
- (g) approving both the retention of Simone Rousseau, former President, Pablo Galvez, former V.P. Operations, and Anna Nelson, V.P. Finance ("Management") to assist the Receiver and approving the payment to Management in the amount set out in Section 5 of the Receiver's Report;
- (h) deeming service of the within Application be good and sufficient for directions with respect to service of any Order granted pursuant to this Application; and
- (i) such further and other relief as Counsel may request and this Court may permit.

AND FURTHER TAKE NOTICE that in support of the within Application will be read the Receiver's First Report, filed, and the Sealed Affidavit of Robert Taylor, and such further and other material as Counsel may advise and this Honourable Court may direct.

DATED at the City of Calgary, in the Province of Alberta, this 25<sup>th</sup> day of November, 2009.

BENNETT JONES LLP

Per: 

Frank R. Dearlove  
Solicitors for the Receiver

TO: Clerk of the Court

AND TO Those Parties on the Attached  
Service List

IN THE COURT OF QUEEN'S BENCH OF  
ALBERTA  
JUDICIAL DISTRICT OF CALGARY

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IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY*  
*ACT*, R.S.C. 1985 c. B-3, AS AMENDED

AND IN THE MATTER OF THE RECEIVERSHIP OF  
SIGNATURE CAPITAL INC., CONB DEVELOPMENT  
CORP., CONB FINANCE CORP., CONB CAPITAL CORP.,  
URBAN ELEMENTS CENTRE GP LTD., URBAN  
ELEMENTS CENTRE LIMITED PARTNERSHIP,  
SIGNATURE UEC CAPITAL INC., WESTSTONE  
DEVELOPMENT CORP., WESTSTONE FINANCE CORP.,  
SLRV FINANCE CORP., ALLAN BEACH  
DEVELOPMENTS GP LTD., ALLAN BEACH LIMITED  
PARTNERSHIP, BEACHES WEST CAPITAL CORP.,  
POPLAR GROVE DEVELOPMENTS GP LTD., POPLAR  
GROVE LIMITED PARTNERSHIP, BIRCH BAY  
DEVELOPMENTS GP LTD., BIRCH BAY  
DEVELOPMENTS LIMITED PARTNERSHIP, FRANCOIS  
CAPITAL CORP., A VIRGINIA WILSON HOLDINGS, FIR  
CREST RESORT DEVELOPMENT LP, FIR CREST  
RESORT DEVELOPMENT GP LTD., FIR CREST FINANCE  
CORP., FIR CREST CAPITAL CORP., SCI FINANCE  
CORP., SIGNATURE US SUNBELT CAPITAL CORP.,  
SIGNATURE US SUNBELT INVESTMENT CORP., SCI  
BRIDGE II FINANCE CORP., SUMMERS PLACE GP LTD.,  
SUMMERS PLACE LIMITED PARTNERSHIP, METRO  
WEST I GP LTD., METRO WEST II GP LTD., SIGNATURE  
LETHBRIDGE FAIRVIEW CAPITAL CORP.,  
HEARTHWOOD I LIMITED PARTNERSHIP,  
HEARTHWOOD II LIMITED PARTNERSHIP,  
HEARTHWOOD III LIMITED PARTNERSHIP,  
HEARTHWOOD I DEVELOPMENTS GP LTD.,  
HEARTHWOOD II DEVELOPMENTS GP LTD., and  
HEARTHWOOD III DEVELOPMENTS GP LTD.

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**NOTICE OF MOTION**

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BENNETT JONES LLP  
Barristers and Solicitors  
4500, 855 – 2<sup>nd</sup> Street S.W.  
Calgary, Alberta T2P 4K7

Frank R. Dearlove  
Telephone No.: 403-298-3202  
Fax No.: 403-265-7219  
Our File No.: 38843.21

# **RSM** Richter

## **First Report of RSM Richter Inc. as Receiver and Manager of Signature Capital Inc. and Related Companies**

**RSM Richter Inc.**  
Calgary, November 25, 2009

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IN THE COURT OF QUEEN'S BENCH OF ALBERTA  
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IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*  
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(COLLECTIVELY, THE "COMPANIES")

FIRST REPORT OF RSM RICHTER INC.,  
IN ITS CAPACITY AS RECEIVER AND MANAGER  
AND NOT IN ITS PERSONAL CAPACITY

Dated November 25, 2009

## 1. INTRODUCTION

This report ("Report") is filed by RSM Richter Inc. ("Richter"), in its capacity as receiver and manager ("Receiver"), appointed pursuant to Section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, of all of the property, assets and undertakings of the Companies.

Richter was appointed Receiver pursuant to an application made by the Companies and an order of the Court of Queen's Bench of Alberta ("Court") dated November 13, 2009 ("Receivership Order").



## 1.1 Purpose of this Report

The purpose of this Report is to:

- a) Provide background information on the Companies;
- b) Summarize the process carried out by CONB Development Corp. (“CONB Development”), prior to the Receivership Order, for the sale of its five-building apartment complex located in North Battleford, Saskatchewan (“Battleford Properties”), and CONB Development’s acceptance of an Offer to Purchase dated October 9, 2009, as amended, (“Normandale Offer”) between CONB Development and Normandale Holdings Ltd. (“Normandale”) for \$6.4 million;
- c) Advise the Court of the terms under which the Receiver proposes to engage the Company’s former senior management (“Management Retention”);
- d) Summarize the Receiver’s activities to date; and
- e) Recommend that this Honourable Court issue an order:
  - Approving the Normandale Offer;
  - Authorizing and directing the Receiver to execute such documents and to take such additional steps as are necessary to give effect to the Normandale Offer and to complete the sale of the Battleford Properties to Normandale;
  - Vesting in Normandale, as of closing, title to the Battleford Properties, free and clear of all liens, charges, security interests and other encumbrances (“Vesting Order”) and directing Saskatchewan Land Registration to register title to the Battleford Properties in Normandale’s name, or alternatively, requesting the assistance of the Court of Queen’s Bench of Saskatchewan in giving effect to the Vesting Order;
  - Sealing confidential Appendices “1” and “2” of this Report until the transaction with Normandale is completed, or until further order of this Court; and
  - Approving the Management Retention.

## **1.2 Documents Filed in these Proceedings**

The Receiver has posted documents filed with the Court in these proceedings on its website at: <http://www.rsmrichter.com/restructuring.aspx>. Information related to these proceedings has also been posted to the Companies' website at: [www.sci.ca](http://www.sci.ca).

## **1.3 Terms of Reference**

In developing this Report, the Receiver has relied upon unaudited financial information prepared by the Company's management, the Company's books and records and discussions with its management. The Receiver has not performed an audit or other verification of such information. An examination of the Company's financial forecasts as outlined in the *Canadian Institute of Chartered Accountants Handbook* has not been performed. Future-oriented financial information relied upon in this Report is based on management's assumptions regarding future events; actual results achieved may vary from this information and these variations may be material. The Receiver expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this Report, or relied upon by the Receiver in preparing this Report.

## **2. BACKGROUND INFORMATION**

The Companies either own real estate, or are directly or indirectly invested in real estate projects, located in Alberta, British Columbia, Saskatchewan, and Arizona.

### **2.1 Signature Capital Inc.**

Signature Capital Inc. ("SCI") was incorporated for the purpose of raising capital for real estate opportunities. SCI's operations were similar to that of a bank - providing loans, registering securities such as mortgages and administering clients' investments. SCI was incorporated pursuant to the *Business Corporations Act* (Alberta) in January, 2006. Management of SCI oversaw the business and operations of the Companies.

SCI estimates that it raised over \$85 million from approximately 960 investors for twenty projects.

SCI operated from leased premises in Calgary, Alberta. The premises have been vacated since the date of the Receivership Order.

At its peak, SCI employed twenty-six individuals. As at the date of the Receivership Order, the Company had no employees.

Additional background information concerning the Companies is contained in the affidavit of Simone Rousseau (“Affidavit”), President of SCI, filed with the receivership application materials. Among other things, the Affidavit includes an overview of the ten investment projects and various legal entities managed by SCI.

### **3. BATTLEFORD PROJECT**

As set out in the Affidavit, the following entities (each of which is subject to the Receivership Order) were incorporated in respect of the Battleford Properties:

| Entity                              | Purpose  |
|-------------------------------------|--|
| CONB Development                    | Title holder and operating entity.               |
| CONB Finance Corp. (“CONB Finance”) | First mortgagee in the amount of \$6.7 million.  |
| CONB Capital Corp. (“CONB Capital”) | Second mortgagee in the amount of \$5.5 million. |

CONB Finance and CONB Capital are the only secured creditors registered on title against the Battleford Properties. A copy of the parcel register searches against title to the Battleford Properties is attached as Appendix “A”.

A flow chart prepared by SCI referencing the CONB bond structure is provided as Appendix “B”.

CONB Development purchased the Battleford Properties, municipally known as 2342, 2402, 2412, 2422 and 2432 Kildeer Drive North, from Normandale on April 1, 2008 for \$8.325 million. The purchase price was funded by approximately 420 bondholders (“Bondholders”) pursuant to an offering memorandum (“OM”) issued by each of CONB Finance and CONB Capital. The monies were advanced by the Bondholders to CONB Finance and CONB Capital, which then advanced funds to CONB Development in order to allow CONB Development to purchase the five buildings comprising the Battleford Properties. The funds were also used to pay all administrative and operating expenses of CONB Finance and CONB Capital and certain interest payments to Bondholders. CONB Development intended to convert the apartment buildings to individually titled condominiums which were then to be sold as 111 individual units.

For numerous reasons, including local political pressures, the economic downturn, financing difficulties, re-zoning difficulties and various delays, CONB Development did not proceed with the conversion. In July, 2009, CONB Development determined that the most prudent manner to address the issues was to sell the Battleford Properties.

### **3.1 Appraisal by Condo Condo Development Group Inc.**

The Receiver understands that in January, 2009, CONB Development engaged Condo Condo Development Group Inc. (“CCDG”), a third-party consultant to assist in the analyses and planning of the conversion. As part of its analyses, CCDG engaged Suncorp Valuations Ltd. (“Suncorp”) to appraise the Battleford Properties. Suncorp’s April 21, 2009 appraisal included, *inter alia*, an opinion of the market value as an “as is” apartment complex and as a fully converted condominium complex. The appraisal estimated that it would take one year to market and sell the apartment complex. A copy of the Suncorp appraisal is provided as confidential Appendix “1”.

### **3.2 Sale Process**

The sale process conducted by CONB Development is summarized as follows:

- CCDG approached approximately twelve prospective purchasers with an interest in residential real estate in smaller Canadian communities;
- SCI advised its contact base and the investors in CONB Finance and CONB Capital of the acquisition opportunity;
- CCDG provided three local real estate brokerages (RE/MAX of the Battlefords, Colliers McClocklin Real Estate Corp. and Prudential Sask Realty) with particulars of the Battleford Properties, including the Suncorp appraisal, and arranged tours of the Battleford Properties; and
- Follow up calls were made to CCDG's and SCI's network of contacts.

The Normandale Offer was received approximately two months after CONB Development and CCDG began marketing the Battleford Properties. The Receiver was advised that a previous verbal offer from Mainstreet Equity Corp. was received and rejected as it was conditional on a vendor-take-back ("VTB") loan for the full purchase price. No other offers have been received.

#### **3.2.1 Normandale Offer**

CONB Development executed the Normandale Offer on October 9, 2009. An amendment conforming the Normandale Offer to a Receiver's sale was executed on November 24, 2009. The highlights of the Normandale Offer are set out below:

- The purchase price is \$6.4 million plus applicable taxes, less commissions totalling 3% payable to real estate brokerage firms;
- The only conditions are approval of the Normandale Offer by this Honourable Court and issuance of a vesting order granting title to Normandale free and clear of all encumbrances other than permitted encumbrances; and
- Closing is to occur on or before December 7, 2009.

Normandale has paid a deposit of \$500,000 to Ken Suchan Realty Inc.

A copy of the Normandale Offer is attached as Appendix "C".

### **3.3 Mortgage Default**

CONB Development's mortgages have been in default since July 1, 2009. According to the terms of the OM's, CONB Finance and CONB Capital bonds matured on June 30, 2009. They remain outstanding, in full.

### **3.4 Correspondence with Bondholders**

On October 9, 2009, SCI advised Bondholders of an offer to purchase the Battleford Properties, including the purchase price. In a letter to bondholders of CONB Capital, the second mortgagee, SCI presented two options: (a) to assume the first mortgage position by repaying CONB Finance in full; or (b) to accept the loss resulting from the sale to Normandale and use the associated tax credit, if applicable.

Copies of correspondence from SCI to Bondholders are provided as Appendix "D". The Receiver has been advised by Ms. Rousseau that none of the CONB Capital bondholders has expressed an interest in pursuing the first option.

### **3.5 Support of Receiver's Completion of Transaction from CONB Finance Bondholders**

The Receiver has been contacted by some of the CONB Finance bondholders representing approximately \$1 million of the balance owed by CONB Development. Those bondholders have indicated to the Receiver that they support completion of the Normandale transaction.

### **3.6 Receiver's Independent Review of Battleford Properties**

To assess the reasonableness of the Normandale Offer, the Receiver engaged Brunsdon Junior Johnson Appraisals Ltd. ("Brunsdon") to provide an opinion on the market value of the Battleford Properties. Brunsdon is an accredited appraiser based in Saskatoon, Saskatchewan.

Brunsdon is familiar with the characteristics of the Battleford Properties as it viewed these properties prior to the receivership. Based on its familiarity of the Battleford Properties, the economic climate in North Battleford, financing constraints and a review of the Suncorp appraisal, Brunsdon believes that it is appropriate to accept the Normandale Offer. A copy of Brunsdon's opinion on the Battleford Properties transaction ("Brunsdon Opinion") is provided as confidential Appendix "2".

### **3.7 Recommendation**

For the following reasons, the Receiver respectfully recommends that this Honourable Court make an order approving the Normandale Offer:

- The Battleford Properties were exposed to the market and the process conducted was commercially reasonable;
- The purchase price is supported by the Brunsdon Opinion and the Suncorp appraisal;
- Limited interest has been expressed for the Battleford Properties - the only other expression of interest was conditional on 100% VTB financing;
- CONB Development accepted the Normandale Offer based on its knowledge of the Battleford Properties;
- CONB Development's mortgages are in default. CONB Finance bondholders are demanding repayment, notwithstanding the shortfall they will incur; and
- Acceptance of the Normandale Offer is supported by several CONB Finance bondholders.

### **3.8 Confidentiality**

The Receiver respectfully recommends that confidential Appendices “1” and “2” to this Report be sealed until the Battleford Properties are sold in order to prevent sensitive information, including the market value range suggested by Brunsdon, from being made generally available. Availability of this information is likely to impair the Receiver’s ability to negotiate with another party should the Normandale Offer fail to close.

## **4. NOTICE OF THE SALE APPROVAL MOTION**

Pursuant to a notice dated November 25, 2009, the Receiver advised bondholders of CONB Finance and CONB Capital via e-mail and regular mail of this motion. Bondholders were directed to the Receiver’s website to review copies of the motion materials. A copy of the Receiver’s notice is provided as Appendix “E”.

## **5. MANAGEMENT RETENTION**

The Receiver has been provided with substantial assistance and guidance related to each of the companies subject to the Receivership Order from Ms. Rousseau as well as Pablo Galvez<sup>1</sup>, SCI’s VP Operations and Ms. Anna Nelson, SCI’s VP Finance (collectively, “Management”).

The Receiver believes that Management’s continued assistance will facilitate the administration of the receivership in a coordinated, efficient and cost-effective manner and, therefore, proposes to engage them on a temporary term and task basis. Management has requested compensation based on the same *per diem* rate paid by SCI prior to the receivership, which would equate to approximately \$690 per day for each of Ms. Rousseau and Mr. Galvez and \$500 per day for Ms.

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<sup>1</sup> Mr. Galvez is married to Ms. Rousseau. SCI is owned equally by Ms. Rousseau, Mr. Galvez and Mr. Guy Rousseau, Ms. Rousseau’s brother.



Nelson. It is anticipated that Ms. Rousseau's services will be required full time for approximately the next six weeks whereas Mr. Galvez and Ms. Nelson's assistance will be periodic.

The Receiver recommends that the Court approve the Receiver's retention of Management on the above basis as the Receiver would otherwise: a) spend considerable time obtaining background concerning the Company's business and affairs, which information these individuals possess; and b) be required to add additional staff to the mandate at hourly rates in excess of the amounts to be paid to Management.

To the extent practicable, the Receiver will attempt to allocate the costs associated with Management's retention on an entity basis.

## **6. RECEIVER'S ACTIVITIES**

The Receiver's activities since the date of the Receivership Order have included, *inter alia*, the following:

- Coordinating with Century Services Inc. ("Century") the removal of the office furniture and equipment remaining at SCI's premises, to be stored at Century's warehouse pending an auction in December, 2009;
- Vacating SCI's premises;
- Meeting with representatives of SCI in respect of each of the ten development projects in order to understand their status and begin formulating realization strategies;
- Dealing with the transaction in respect of the Battleford Properties, as set out in Section 3 of this Report;
- Preparing, with the assistance of the former VP Finance of the Companies, projected cash flow statements of each of the operating entities subject to the Receivership Order;
- Corresponding with the Companies' insurance brokers in order to confirm that coverage remains in force and to add the Receiver as a named insured to the respective policies;

- Advising TD Bank (at which the Companies maintained approximately 46 accounts) of the receivership and requesting that funds be transferred to new accounts opened by the Receiver;
- Corresponding with the Companies' third-party property managers in respect of the Companies which own real property;
- Assembling payroll-related information in respect of SCI's employees in order to prepare filing of claims under the *Wage Earner Protection Program Act*;
- Issuing the Receiver's notice and statement in respect of each of the companies subject to the Receivership Order accordance with subsections 245(1) and 246(1) of the BIA;
- Arranging for delivery of the Companies' minute books to the Receiver's office;
- Arranging for a backup of the Companies' computer server;
- Responding to inquiries from the Company's unsecured creditors;
- Drafting this Report; and
- Other matters pertaining to the administration of this mandate.

## 7. RECOMMENDATION

Based on the foregoing, the Receiver recommends that this Honourable Court grant the relief detailed in Section 1.1 e) herein.

\* \* \*

All of which is respectfully submitted,

*RSM Richter Inc.*

**RSM RICHTER INC.  
IN ITS CAPACITY AS RECEIVER AND MANAGER OF  
SIGNATURE CAPITAL INC. AND RELATED COMPANIES  
AND NOT IN ITS PERSONAL CAPACITY**

**Province of Saskatchewan  
Land Titles Registry  
Title**

**Title #:** 135386062                      **As of:** 19 Nov 2009 09:32:20.323  
**Title Status:** Active                      **Last Amendment Date:** 01 Apr 2008 11:22:27.600  
**Parcel Type:** Surface                      **Issued:** 01 Apr 2008 11:22:23.867  
**Parcel Value:** \$1,546,000.00 CAD  
**Title Value:** **\$1,546,000.00 CAD** Municipality: CITY OF NORTH BATTLEFORD  
**Converted Title:** 95B15333(1)  
**Previous Title and/or Abstract #:** 115365337

CONB DEVELOPMENT CORP. is the registered owner of Surface Parcel  
 #131481480

Reference Land Description: Lot 22Blk/Par 4Plan No 79B13921 Extension  
 0  
 As described on Certificate of Title 95B15333(1).

This title is subject to any registered interests set out below and the exceptions, reservations and interests mentioned in section 14 of *The Land Titles Act, 2000*.

**Registered Interests:**

**Interest #:**  
**142192739**

CNV Easement

**Value:**  
**Reg'd:** 31 Dec 1979 00:32:09  
**Interest Register Amendment**  
**Date:** N/A  
**Interest Assignment**  
**Date:** N/A  
**Expiry Date:** N/A

Lot 22 - E'ly 3 metres

**Holder as Tenant in Common**

**Interest Share: 1/2**

**Interest Share Number: 146124862**

**Holder:**

Saskatchewan Power Corporation

N/A, Saskatchewan, Canada

Client #: 100869880

**Holder as Tenant in Common**

**Interest Share: 1/2**

**Interest Share Number: 146124873**

**Holder:**

Saskatchewan Telecommunications

13th Floor, 2121 Saskatchewan Drive  
 Regina, Saskatchewan, Canada S4P 3Y2  
 Client #: 100006861  
**Int. Register #:** 105596343  
**Converted Instrument #:** 79B19285

**Interest #:**  
**142192920**

Mortgage

**Value:** \$6,700,000.00 CAD  
**Reg'd:** 01 Apr 2008 11:22:26  
**Interest Register Amendment**  
**Date:** N/A  
**Interest Assignment**  
**Date:** N/A  
**Expiry Date:** N/A

**Holder:**

CONB Finance Corp.  
 c/o Signature Capital Inc. 278 - 19th Street NE  
 Calgary, AB, Canada T2E 8P7  
 Client #: 122314609  
**Int. Register #:** 114234173

**Interest #:**  
**142193011**

Mortgage

**Value:** \$5,500,000.00 CAD  
**Reg'd:** 01 Apr 2008 11:22:28  
**Interest Register Amendment**  
**Date:** N/A  
**Interest Assignment**  
**Date:** N/A  
**Expiry Date:** N/A

**Holder:**

CONB Capital Corp.  
 c/o Signature Capital Inc. 278 - 19th Street NE  
 Calgary, AB, Canada T2E 8P7  
 Client #: 122314610  
**Int. Register #:** 114234184

**Addresses for Service:**

**Name**

**Address**

**Owner:**

CONB DEVELOPMENT CORP.  
 Client #: 121908191

1412 2ND STREET SW CALGARY, AB, Canada T2R 0W7

**Notes:**

Parcel Class Code: Parcel (Generic)



**Province of Saskatchewan  
Land Titles Registry  
Title**

**Title #:** 135386084                      **As of:** 19 Nov 2009 09:33:16.333  
**Title Status:** Active                      **Last Amendment Date:** 01 Apr 2008 11:22:27.647  
**Parcel Type:** Surface                      **Issued:** 01 Apr 2008 11:22:24.537  
**Parcel Value:** \$1,546,000.00 CAD  
**Title Value:** **\$1,546,000.00 CAD** Municipality: CITY OF NORTH BATTLEFORD  
**Converted Title:** 95B15333(1)  
**Previous Title and/or Abstract #:** 115365348

CONB DEVELOPMENT CORP. is the registered owner of Surface Parcel  
#131482357

Reference Land Description: Lot 23Blk/Par 4Plan No 79B13921 Extension  
0  
As described on Certificate of Title 95B15333(1).

This title is subject to any registered interests set out below and the exceptions, reservations and interests mentioned in section 14 of *The Land Titles Act, 2000*.

**Registered Interests:**

**Interest #:**  
**142192931**

Mortgage

**Value:** \$6,700,000.00 CAD  
**Reg'd:** 01 Apr 2008 11:22:26  
**Interest Register Amendment  
Date:** N/A  
**Interest Assignment  
Date:** N/A  
**Expiry Date:** N/A

**Holder:**

CONB Finance Corp.  
c/o Signature Capital Inc. 278 - 19th Street NE  
Calgary, AB, Canada T2E 8P7  
Client #: 122314609  
**Int. Register #:** 114234173

**Interest #:**  
**142193022**

Mortgage

**Value:** \$5,500,000.00 CAD  
**Reg'd:** 01 Apr 2008 11:22:28  
**Interest Register Amendment  
Date:** N/A  
**Interest Assignment**

**Date:** N/A  
**Expiry Date:** N/A

**Holder:**

CONB Capital Corp.  
c/o Signature Capital Inc. 278 - 19th Street NE  
Calgary, AB, Canada T2E 8P7  
Client #: 122314610  
**Int. Register #:** 114234184

**Addresses for Service:**

**Name**

**Address**

**Owner:**

CONB DEVELOPMENT CORP.  
Client #: 121908191

1412 2ND STREET SW CALGARY, AB, Canada T2R 0W7

**Notes:**

Parcel Class Code: Parcel (Generic)

**Back**

**Province of Saskatchewan  
Land Titles Registry  
Title**

**Title #:** 135386017                      **As of:** 19 Nov 2009 09:34:07.343  
**Title Status:** Active                      **Last Amendment Date:** 01 Apr 2008 11:22:27.523  
**Parcel Type:** Surface                      **Issued:** 01 Apr 2008 11:22:22.833  
**Parcel Value:** \$1,297,000.00 CAD  
**Title Value:** **\$1,297,000.00 CAD** Municipality: CITY OF NORTH BATTLEFORD  
**Converted Title:** 95B15331(1)  
**Previous Title and/or Abstract #:** 115365315

CONB DEVELOPMENT CORP. is the registered owner of Surface Parcel  
#131481479

Reference Land Description: Lot 20Blk/Par 4Plan No 79B13921 Extension  
0  
As described on Certificate of Title 95B15331(1).

This title is subject to any registered interests set out below and the exceptions, reservations and interests mentioned in section 14 of *The Land Titles Act, 2000*.

**Registered Interests:**

**Interest #:**  
**142192908**

Mortgage

**Value:** \$6,700,000.00 CAD  
**Reg'd:** 01 Apr 2008 11:22:26  
**Interest Register Amendment  
Date:** N/A  
**Interest Assignment  
Date:** N/A  
**Expiry Date:** N/A

**Holder:**

CONB Finance Corp.  
c/o Signature Capital Inc. 278 - 19th Street NE  
Calgary, AB, Canada T2E 8P7  
Client #: 122314609  
**Int. Register #:** 114234173

**Interest #:**  
**142192997**

Mortgage

**Value:** \$5,500,000.00 CAD  
**Reg'd:** 01 Apr 2008 11:22:28  
**Interest Register Amendment  
Date:** N/A  
**Interest Assignment**

**Date:** N/A  
**Expiry Date:** N/A

**Holder:**  
CONB Capital Corp.  
c/o Signature Capital Inc. 278 - 19th Street NE  
Calgary, AB, Canada T2E 8P7  
Client #: 122314610  
**Int. Register #:** 114234184

**Addresses for Service:**

| <b>Name</b>  | <b>Address</b>                                 |
|--|--|
| <b>Owner:</b><br>CONB DEVELOPMENT CORP.<br>Client #: 121908191 | 1412 2ND STREET SW CALGARY, AB, Canada T2R 0W7 |

**Notes:**

Parcel Class Code: Parcel (Generic)





**Province of Saskatchewan  
Land Titles Registry  
Title**

**Title #:** 135386039                      **As of:** 19 Nov 2009 09:34:50.343  
**Title Status:** Active                      **Last Amendment Date:** 01 Apr 2008 11:22:27.570  
**Parcel Type:** Surface                      **Issued:** 01 Apr 2008 11:22:23.083  
**Parcel Value:** \$1,293,000.00 CAD  
**Title Value:** **\$1,293,000.00 CAD** Municipality: CITY OF NORTH BATTLEFORD  
**Converted Title:** 95B15331(1)  
**Previous Title and/or Abstract #:** 115365326

CONB DEVELOPMENT CORP. is the registered owner of Surface Parcel  
#131481468

Reference Land Description: Lot 21Blk/Par 4Plan No 79B13921 Extension  
0  
As described on Certificate of Title 95B15331(1).

This title is subject to any registered interests set out below and the exceptions, reservations and interests mentioned in section 14 of *The Land Titles Act, 2000*.

**Registered Interests:**

**Interest #:**  
**142192515**

CNV Easement

**Value:**  
**Reg'd:** 31 Dec 1979 00:32:09  
**Interest Register Amendment**  
**Date:** N/A  
**Interest Assignment**  
**Date:** N/A  
**Expiry Date:** N/A

Lot 21 - N'y 2 metres of E'y 2  
metres

**Holder as Tenant in Common**

**Interest Share: 1/2**

**Interest Share Number: 146124637**

**Holder:**

Saskatchewan Telecommunications  
13th Floor, 2121 Saskatchewan Drive  
Regina, Saskatchewan, Canada S4P 3Y2  
Client #: 100006861

**Holder as Tenant in Common**

**Interest Share: 1/2**

**Interest Share Number: 146124648**

**Holder:**

Saskatchewan Power Corporation  
 N/A, Saskatchewan, Canada  
 Client #: 100869880

**Int. Register #:** 105596310**Converted Instrument #:** 79B19285**Interest #:**  
142192919

Mortgage

**Value:** \$6,700,000.00 CAD  
**Reg'd:** 01 Apr 2008 11:22:26  
**Interest Register Amendment**  
**Date:** N/A  
**Interest Assignment**  
**Date:** N/A  
**Expiry Date:** N/A

**Holder:**

CONB Finance Corp.  
 c/o Signature Capital Inc. 278 - 19th Street NE  
 Calgary, AB, Canada T2E 8P7  
 Client #: 122314609

**Int. Register #:** 114234173**Interest #:**  
142193000

Mortgage

**Value:** \$5,500,000.00 CAD  
**Reg'd:** 01 Apr 2008 11:22:28  
**Interest Register Amendment**  
**Date:** N/A  
**Interest Assignment**  
**Date:** N/A  
**Expiry Date:** N/A

**Holder:**

CONB Capital Corp.  
 c/o Signature Capital Inc. 278 - 19th Street NE  
 Calgary, AB, Canada T2E 8P7  
 Client #: 122314610

**Int. Register #:** 114234184**Addresses for Service:****Name****Address****Owner:**

CONB DEVELOPMENT CORP.  
 Client #: 121908191

1412 2ND STREET SW CALGARY, AB, Canada T2R 0W7

**Notes:**

Parcel Class Code: Parcel (Generic)

**Back**

**Province of Saskatchewan  
Land Titles Registry  
Title**

**Title #:** 135385937                      **As of:** 19 Nov 2009 09:36:52.363  
**Title Status:** Active                      **Last Amendment Date:** 01 Apr 2008 11:22:27.757  
**Parcel Type:** Surface                      **Issued:** 01 Apr 2008 11:22:21.897  
**Parcel Value:** \$665,000.00 CAD  
**Title Value:** **\$665,000.00 CAD**      **Municipality:** CITY OF NORTH BATTLEFORD  
**Converted Title:** 95B15332(1)  
**Previous Title and/or Abstract #:** 115365281

CONB DEVELOPMENT CORP. is the registered owner of Surface Parcel  
#131529629

Reference Land Description: Lot 18Blk/Par 4Plan No 79B13921 Extension  
0  
As described on Certificate of Title 95B15332(1).

This title is subject to any registered interests set out below and the exceptions, reservations and interests mentioned in section 14 of *The Land Titles Act, 2000*.

**Registered Interests:**

**Interest #:**  
**142192425**

CNV Easement

**Value:**  
**Reg'd:** 31 Dec 1979 00:32:09  
**Interest Register Amendment**  
**Date:** N/A  
**Interest Assignment**  
**Date:** N/A  
**Expiry Date:** N/A

NE'ly 2 metres of SE'ly 2metres  
**Holder as Tenant in Common**  
**Interest Share: 1/2**  
**Interest Share Number: 146124536**  
**Holder:**  
Saskatchewan Power Corporation  
N/A, Saskatchewan, Canada  
Client #: 100869880

**Holder as Tenant in Common**  
**Interest Share: 1/2**  
**Interest Share Number: 146124547**  
**Holder:**  
Saskatchewan Telecommunications

13th Floor, 2121 Saskatchewan Drive  
 Regina, Saskatchewan, Canada S4P 3Y2  
 Client #: 100006861  
**Int. Register #:** 105596242  
**Converted Instrument #:** 79B19285

**Interest #:**  
**142192885**

Mortgage

**Value:** \$6,700,000.00 CAD  
**Reg'd:** 01 Apr 2008 11:22:26  
**Interest Register Amendment**  
**Date:** N/A  
**Interest Assignment**  
**Date:** N/A  
**Expiry Date:** N/A

**Holder:**

CONB Finance Corp.  
 c/o Signature Capital Inc. 278 - 19th Street NE  
 Calgary, AB, Canada T2E 8P7  
 Client #: 122314609  
**Int. Register #:** 114234173

**Interest #:**  
**142192975**

Mortgage

**Value:** \$5,500,000.00 CAD  
**Reg'd:** 01 Apr 2008 11:22:27  
**Interest Register Amendment**  
**Date:** N/A  
**Interest Assignment**  
**Date:** N/A  
**Expiry Date:** N/A

**Holder:**

CONB Capital Corp.  
 c/o Signature Capital Inc. 278 - 19th Street NE  
 Calgary, AB, Canada T2E 8P7  
 Client #: 122314610  
**Int. Register #:** 114234184

**Addresses for Service:**

**Name**

**Address**

**Owner:**

CONB DEVELOPMENT CORP.  
 Client #: 121908191

1412 2ND STREET SW CALGARY, AB, Canada T2R 0W7

**Notes:**

Under The Planning and Development Act, 2007, the title for this parcel and parcels 146848225 may not be transferred or, in certain circumstances, mortgaged or leased separately without the approval of the appropriate planning authority. If you believe this restriction does not apply to this parcel, please contact 1-866 ASK-ISC1 to have the restriction reviewed.

Parcel Class Code: Parcel (Generic)

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**Province of Saskatchewan  
Land Titles Registry  
Title**

**Title #:** 135386006                      **As of:** 19 Nov 2009 09:37:32.373  
**Title Status:** Active                      **Last Amendment Date:** 01 Apr 2008 11:22:27.490  
**Parcel Type:** Surface                      **Issued:** 01 Apr 2008 11:22:22.647  
**Parcel Value:** \$1,313,000.00 CAD  
**Title Value:** **\$1,313,000.00 CAD** Municipality: CITY OF NORTH BATTLEFORD  
**Converted Title:** 95B15331(1)  
**Previous Title and/or Abstract #:** 115365304

CONB DEVELOPMENT CORP. is the registered owner of Surface Parcel  
#131482100

Reference Land Description: Lot 19Blk/Par 4Plan No 79B13921 Extension  
0  
As described on Certificate of Title 95B15331(1).

This title is subject to any registered interests set out below and the exceptions, reservations and interests mentioned in section 14 of *The Land Titles Act, 2000*.

**Registered Interests:**

**Interest #:**  
**142192896**

Mortgage

**Value:** \$6,700,000.00 CAD  
**Reg'd:** 01 Apr 2008 11:22:26  
**Interest Register Amendment  
Date:** N/A  
**Interest Assignment  
Date:** N/A  
**Expiry Date:** N/A

**Holder:**

CONB Finance Corp.  
c/o Signature Capital Inc. 278 - 19th Street NE  
Calgary, AB, Canada T2E 8P7  
Client #: 122314609  
**Int. Register #:** 114234173

**Interest #:**  
**142192986**

Mortgage

**Value:** \$5,500,000.00 CAD  
**Reg'd:** 01 Apr 2008 11:22:27  
**Interest Register Amendment  
Date:** N/A  
**Interest Assignment**

**Date:** N/A  
**Expiry Date:** N/A

**Holder:**

CONB Capital Corp.  
c/o Signature Capital Inc. 278 - 19th Street NE  
Calgary, AB, Canada T2E 8P7  
Client #: 122314610  
**Int. Register #:** 114234184

**Addresses for Service:****Name****Address****Owner:**

CONB DEVELOPMENT CORP.  
Client #: 121908191

1412 2ND STREET SW CALGARY, AB, Canada T2R 0W7

**Notes:**

Parcel Class Code: Parcel (Generic)



**Province of Saskatchewan  
Land Titles Registry  
Title**

**Title #:** 135386118                      **As of:** 19 Nov 2009 09:38:18.383  
**Title Status:** Active                      **Last Amendment Date:** 01 Apr 2008 11:22:27.680  
**Parcel Type:** Surface                      **Issued:** 01 Apr 2008 11:22:24.820  
**Parcel Value:** \$665,000.00 CAD  
**Title Value:** **\$665,000.00 CAD**      **Municipality:** CITY OF NORTH BATTLEFORD  
**Converted Title:** 95B15332(1)  
**Previous Title and/or Abstract #:** 115365292

CONB DEVELOPMENT CORP. is the registered owner of Surface Parcel #146848225

Reference Land Description: Lot 27Blk/Par 4Plan No 101517331  
 Extension 2  
 As described on Certificate of Title 95B15332(1), description 2.

This title is subject to any registered interests set out below and the exceptions, reservations and interests mentioned in section 14 of *The Land Titles Act, 2000*.

**Registered Interests:**

**Interest #:**  
**142192818**

CNV Easement

**Value:**  
**Reg'd:** 31 Dec 1979 00:32:09  
**Interest Register Amendment**  
**Date:** N/A  
**Interest Assignment**  
**Date:** N/A  
**Expiry Date:** N/A

NE'ly 2 metres of SE'ly 2metres  
**Holder as Tenant in Common**  
**Interest Share: 1/2**  
**Interest Share Number: 146124952**  
**Holder:**  
 Saskatchewan Power Corporation  
 N/A, Saskatchewan, Canada  
 Client #: 100869880

**Holder as Tenant in Common**  
**Interest Share: 1/2**  
**Interest Share Number: 146124963**  
**Holder:**  
 Saskatchewan Telecommunications



13th Floor, 2121 Saskatchewan Drive  
 Regina, Saskatchewan, Canada S4P 3Y2  
 Client #: 100006861  
**Int. Register #:** 105596242  
**Converted Instrument #:** 79B19285

**Interest #:**  
**142192942**

Mortgage

**Value:** \$6,700,000.00 CAD  
**Reg'd:** 01 Apr 2008 11:22:26  
**Interest Register Amendment**  
**Date:** N/A  
**Interest Assignment**  
**Date:** N/A  
**Expiry Date:** N/A

**Holder:**

CONB Finance Corp.  
 c/o Signature Capital Inc. 278 - 19th Street NE  
 Calgary, AB, Canada T2E 8P7  
 Client #: 122314609  
**Int. Register #:** 114234173

**Interest #:**  
**142193033**

Mortgage

**Value:** \$5,500,000.00 CAD  
**Reg'd:** 01 Apr 2008 11:22:28  
**Interest Register Amendment**  
**Date:** N/A  
**Interest Assignment**  
**Date:** N/A  
**Expiry Date:** N/A

**Holder:**

CONB Capital Corp.  
 c/o Signature Capital Inc. 278 - 19th Street NE  
 Calgary, AB, Canada T2E 8P7  
 Client #: 122314610  
**Int. Register #:** 114234184

**Addresses for Service:**

| <b>Name</b>  | <b>Address</b>                                 |
|--|--|
| <b>Owner:</b><br>CONB DEVELOPMENT CORP.<br>Client #: 121908191 | 1412 2ND STREET SW CALGARY, AB, Canada T2R 0W7 |

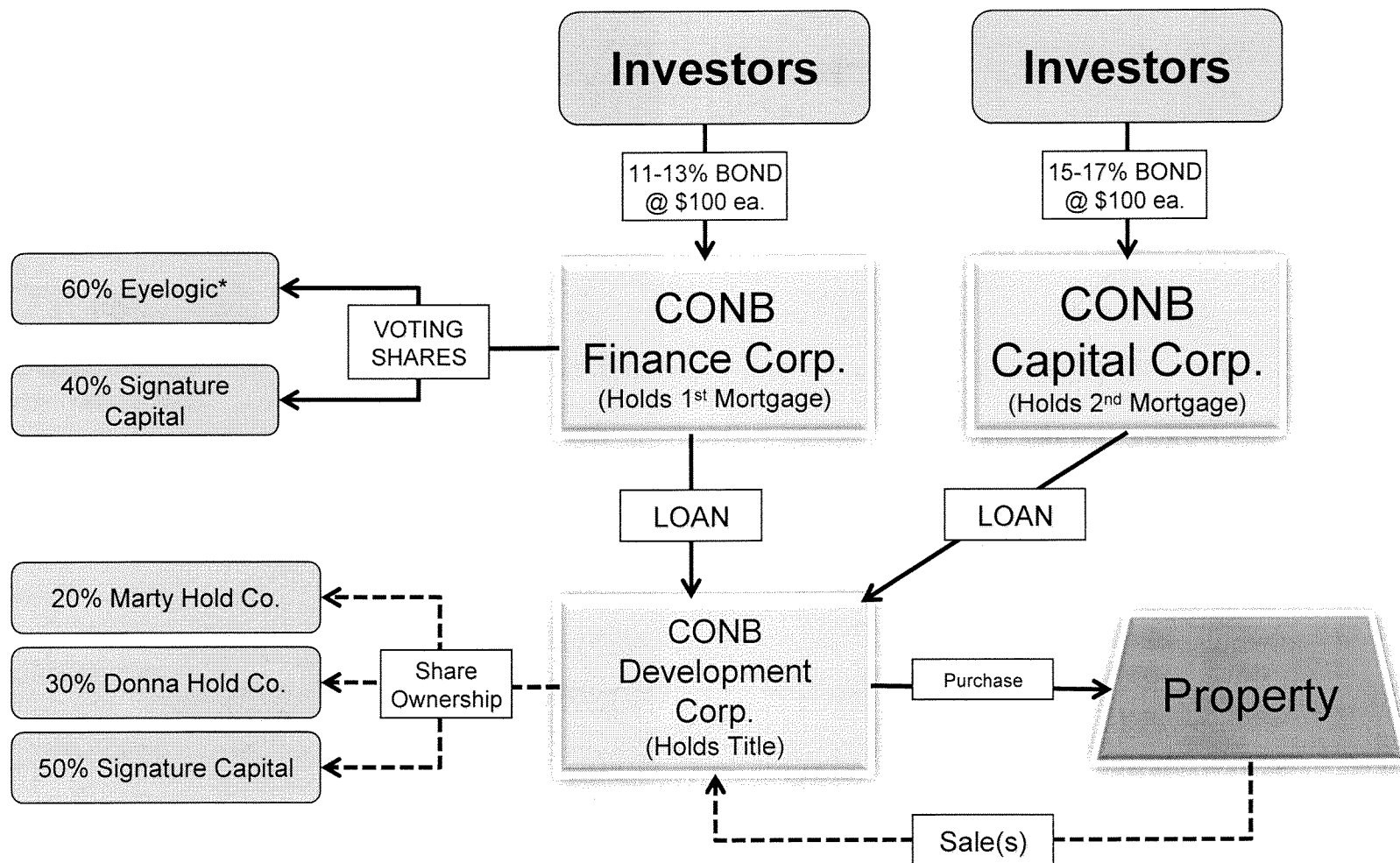
**Notes:**

Under The Planning and Development Act, 2007, the title for this parcel and parcels 131529629 may not be transferred or, in certain circumstances, mortgaged or leased separately without the approval of the appropriate planning authority. If you believe this restriction does not apply to this parcel, please contact 1-866 ASK-ISC1 to have the restriction reviewed.

Parcel Class Code: Parcel (Generic)

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# CONB BOND STRUCTURE



\*Target Capital is a 3<sup>rd</sup> Party Publicly Traded company used to allow the eligibility of registered plans in the offering. In some cases, Eyelogic Systems was used instead of Target Capital although they are similar companies with similar purposes.



## OFFER TO PURCHASE

THIS AGREEMENT made the 9<sup>th</sup> day of OCTOBER, A.D. 2009

BETWEEN:

**NORMANDALE HOLDINGS LTD.**

of the City of Saskatoon,  
in the Province of Saskatchewan

(hereinafter called the "Buyer")

-AND-

**CONB DEVELOPMENT CORP.**

of the City of Calgary,  
in the Province of Alberta

(hereinafter called the "Seller")

1. The Buyer hereby offers to purchase from the Seller in the manner hereinafter set forth the following lands including buildings, improvements and appurtenances, if any, currently situated on the lands (hereinafter together called the "Lands"):

|                         |  |
|-------------------------|--|
| 2342 Kildeer Drive      | -Lots 22 & 23; Block 4; Plan 79-B- 13921   |
| 2402/2412 Kildeer Drive | -Lots 20 & 21; Block 4; Plan 79-B- 12921   |
| 2422/2432 Kildeer Drive | - Lots 17, 18 & 19; Block 4; Plan 79-B- 3921<br>and Lot 27;Block 4; Plan 101517331 |

and civic address being 2342 Kildeer Drive, 2402/2412 Kildeer Drive and 2422/2432 Kildeer Drive, North Battleford, Saskatchewan.

2. The Purchase Price shall be Six Million, Four Hundred Thousand Dollars (\$6,400,000) (GST not included) as hereinafter set forth:
  - (a) INITIAL DEPOSIT - Upon acceptance of this Offer, the sum of Five Hundred Thousand Dollars (\$500,000) to be paid, in trust to Ken Suchan Realty Inc.;
  - (b) BALANCE OF PURCHASE PRICE - The balance owing of the Purchase Price, the approximate amount of Five Million, Nine Hundred Thousand Dollars (\$5,900,000) shall be payable by way of cash and/or bank draft and/or solicitors trust cheque and/or mortgage proceeds on Closing Date.

Purchase Price to be broken down as follows:

|            |                   |
|------------|-------------------|
| LAND:      | \$ 500,000.00     |
| BUILDINGS: | 5,375,000.00      |
| PAVING:    | 125,000.00        |
| EQUIPMENT: | <u>400,000.00</u> |

**TOTAL PURCHASE PRICE \$6,400,000.00**

Buyer is a GST registrant (# \_\_\_\_\_ ) and therefore Seller shall not collect GST.

3. The Buyer shall be responsible to self-assess and remit all taxes required to be paid by the Buyer under The Provincial Sales Tax (Saskatchewan) in respect of the sale and transfer of the Purchased Assets, if any.
4. In the event the Conditions Precedent listed in Clause 6 herein are removed within the time specified, any and all deposit monies paid herewith shall be applied to the Purchase Price.
5. The Seller will provide to the Buyer **within five (5) days from the acceptance date**, the following documents:
  - (a) Copies of all tenant leases and list of deposits being held on behalf of the tenants.
  - (b) Copies of all rental increase notices given to the tenants
  - (c) List of Chattels, appliances and equipment belonging to the Lands and included in the Sale Price.

The documents delivered to the Buyer under this Clause 5 will be held by the Buyer in escrow, may be photocopied by the Buyer, and will be returned to the Seller if the purchase and sale herein contemplated is not completed.

6. **CONDITIONS PRECEDENT:**

This Offer to Purchase is subject to the following Conditions Precedent. If the conditions cannot be met within two (2) business days of receipt of documents stated in Clause 5 above, the agreement arising from the acceptance of this offer shall become null and void and of no effect.

- (a) Buyer approving and accepting the documents specified in Clause 5 above.

The Seller and Buyer covenant, agree and acknowledge that all the aforesaid conditions shall be deemed to be true Conditions Precedent for the purposes of this Offer to Purchase. The Buyer may waive or remove the foregoing conditions within the time hereinbefore stated by giving notice in writing to the Seller. If written notice is not given to the Seller as hereinbefore set forth, then the aforesaid conditions shall be deemed to have not been satisfied or waived and thereupon the Buyer and Seller shall be released from all their respective obligations under this offer and all monies paid under this Offer shall be forthwith returned to the Buyer without deduction or set off and the Agreement arising from the acceptance of this Offer to Purchase shall become null and void and of no further effect.

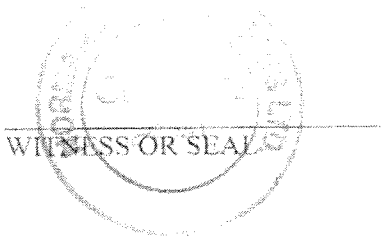
7.
  - (a) Closing date of this transaction shall be December 1, 2009 (the "Closing Date").
  - (b) On the Closing Date the Seller shall supply the Buyer with a clear registrable transfer of title which title shall be clear of all encumbrances excepting easements if any.

8. Adjustment of all taxes, insurance, utilities, expenses, rents, and other incoming and outgoings levied against the Lands shall be as of the Closing Date.
9. The Seller shall keep the Lands in the present state of repair or better, up to the Closing Date.
10. The parties hereto agree that they shall each execute such further documents or assurances as may be required to more perfectly and absolutely carry out the intention of this Agreement.
11. The parties hereto agree that the terms of the within Offer shall enure to the benefit of and be binding upon their respective successors and assigns.
12. The parties hereto agree that each party shall be responsible for its own legal costs in connection with this transaction.
13. The Buyer shall be responsible for all Land Titles Office disbursements in respect to the registration of the transfer of title from the Seller to the Buyer, save and except for the discharge of any encumbrances which is the responsibility of the Seller to discharge.
14. Time shall be of the essence in every respect of this Agreement.
15. This Offer shall be open for acceptance by the Seller until ~~2:00~~ **4:30** P.M. (Saskatoon time) Friday, **October 9, 2009.**
16. The Seller agrees, subject to the payment of the Purchase Price in accordance with this Offer to Purchase, to deliver possession of the said Lands to the Buyer on the Closing Date with existing tenancies.
17. The Seller and Buyer acknowledge and agree that the provisions of this Agreement shall survive closing and shall not be merged therein or therewith.
18. The Buyer shall have the right to assign all or any part of its estate and interest in these presents and the Seller's consent to such assignment shall not be required or necessary.
19. These presents shall be governed by the laws of the Province of Saskatchewan.
20. The Seller represents and warrants to the Buyer as of the date hereof and on the date of closing (which representations and warranties shall survive closing):
  - (a) that there are no outstanding orders, requirements or directives issued by any governmental or municipal authority relating to the said Lands;
  - (b) that the Seller is in compliance with all governmental or municipal laws and enactments relating to the said Lands; and

- (c) that the Seller is not aware of any restrictive covenants or similar provisions that would prevent or restrict the Buyer from continuing the present use of the Lands.
- 21. This Agreement contains the whole of the Agreement between the parties and there are no agreements, representations or warranties save as herein set out
- 22. The Buyer covenants that it will not under any circumstances whatsoever register a caveat pursuant to this Offer to Purchase and its interest in the property prior to closing.
- 23. If all monies are not paid on or before Closing Date, the Buyer agrees to pay to the Seller interest at the rate of seven percent (7%) per annum, on any portion of the purchase price, less mortgages or other encumbrances assumed, not received by the Seller, his/her Solicitor or his/her Brokerage as at the Closing Date, the interest to be calculated from the Closing Date, until monies are paid to the Seller or his/her aforesaid agents up to a maximum of thirty (30) days from Closing Date.
- 24. REMEDIES/DISPUTES:
  - (a) If this Offer is not accepted, the entire deposit and any other monies paid, without interest, shall be returned to the Buyer.
  - (b) If this Offer is accepted and the conditions in paragraph 6 above have not been satisfied or waived in writing by the date set forth in paragraph 6 above, the entire deposit and any other monies paid by the Buyer shall be forthwith returned to the Buyer.
  - (c) If this Offer is accepted and all conditions have been removed in writing by the date set forth in paragraph 6 above and the Buyer fails to execute any required conveyance of formal documents when prepared, or fails to pay any required cash payment or comply with any of the terms in this Offer, this Offer shall be void at the Seller's option. Where the defaulting party is the Buyer, the deposit and any other monies shall be forthwith delivered to the Seller's brokerage as forfeiture to the Seller.
  - (d) The Buyer and Seller agree that the provisions of this section are an agreement to disburse the trust funds pursuant to Section 16 (a) of The Real Estate Regulations.
  - (e) The disbursement of the deposit and other monies as agreed to above is not a prohibition from the Buyer or the Seller seeking a civil remedy for a breach of this Offer.
- 25. The attached Schedule "A" outlines the various forms of agency under which an agent may operate. In this case all parties acknowledge that "limited dual agency" is in effect and the agent will act within the guidelines set forth.
- 26. The Seller and Buyer agree to a Sellers condition precedent. This condition is for the sole benefit of the Seller and may be removed by the Seller on or before 5:00 PM (Saskatoon time) on October 19<sup>th</sup>, 2009. The Sellers condition is for the Sellers Board approval of this agreement by the condition date.

**OFFER TO PURCHASE**

SIGNED, sealed and dated this 9<sup>th</sup> day of OCTOBER, A.D. 2009.

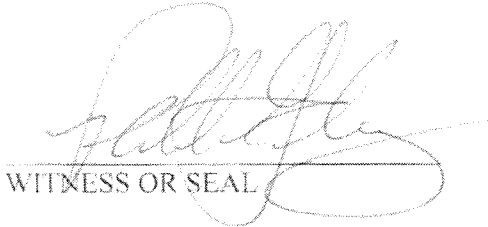


NORMANDALE HOLDINGS LTD.

PER: [Signature]

The Seller, CONB DEVELOPMENT CORP., hereby accepts the within Offer to Purchase and all its terms and covenants, promises and agrees to carry out the sale on the terms and conditions above-mentioned. The Seller agrees to pay Colliers McClocklin Real Estate Corp. a fee for service of three percent (3%) of the purchase price (split 50/50 with Ken Suchan Realty Inc.) and applicable Federal and Provincial Tax upon completion of sale and authorizes that Colliers McClocklin Real Estate Corp. may deduct same from the deposit amount with any remaining balance to be paid on closing or possession, whichever occurs first. The Seller hereby instructs his solicitor to deduct the fee from the proceeds of sale when releasable, payable to Colliers McClocklin Real Estate Corp. In the event the Buyer fails to complete the sale and the deposit is forfeited to the Seller. The Seller warrants that this property does not fall under Foreign Ownership tax.

SIGNED, sealed and dated this 9 day of OCTOBER, A.D. 2009.



CONB DEVELOPMENT CORP.

PER: [Signature]



## SCHEDULE "A"

Seller's Agency: The term seller includes landlord and lessor.

When representing a seller, a real estate company represents only the interests of the seller. A seller's agent is required to disclose known facts that might influence the seller's decision.

Buyer's Agency: The term buyer includes tenant and lessee.

When representing a buyer, a real estate company represents only the interest of the buyer. A buyer's agent is required to disclose known facts that might influence the buyer's decision.

Limited Dual Agency: Limited dual agency occurs when the same real estate company is representing both the seller and buyer in a transaction.

Because there is potential for conflict between duties owed by the real estate company to the seller and the buyer, there are limitations to what a REALTOR may disclose in transactions involving dual agency. These limitations are:

1. The REALTOR will not disclose that the buyer will pay a price or agree to terms other than those contained in the offer, or that the seller will accept a price or terms other than those contained in the listing agreement.
2. The REALTOR will not disclose the motivation of the buyer to buy or the seller to sell unless authorized by the buyer or seller.
3. The REALTOR will not represent the interest of either the buyer or seller to the advantage of one over the other.
4. The REALTOR will not disclose personal or financial information of either the buyer or the seller unless authorized in writing.
5. The REALTOR shall disclose to the buyer all material defects about the physical condition of the property known to the REALTOR.
6. All "comparable" property information may be disclosed to both the seller and buyer at any time.

A real estate company is required to inform the buyer and seller of a limited dual agency.

The client acknowledges having received and read this form and agrees to the limitations of Limited Dual Agency set out herein.

**AMENDING AGREEMENT**

**THIS AGREEMENT** made as of the 24<sup>th</sup> day of November, 2009.

**BETWEEN:**

**NORMANDALE HOLDINGS LTD.**  
(the "**Buyer**")

**AND:**

**RSM RICHTER INC.** in its capacity as court-appointed receiver and manager of CONB Development Corp. and not in its personal capacity  
(the "**Vendor**")

**WHEREAS** CONB Development Corp. and the Buyer entered into an agreement of purchase and sale dated as of the 9<sup>th</sup> day of October, 2009 (the "**Offer to Purchase**") whereby CONB Development Corp. agreed to sell and the Buyer agreed to purchase, the lands and premises located at 2342, 2402/2412 and 2422/2432 Kildeer Drive, North Battleford, Saskatchewan on the terms and conditions set out in the Offer to Purchase;

**AND WHEREAS** pursuant to a Consent Receivership Order made by the Court of Queen's Bench of Alberta on the 13<sup>th</sup> day of November, 2009, RSM Richter Inc. was appointed receiver and manager of CONB Development Corp.;

**AND WHEREAS** the parties wish to amend the Offer to Purchase as hereinafter set forth;

**NOW, THEREFORE**, in consideration of the premises and the mutual agreements and covenants herein contained, the parties agree as follows:

1. Except as otherwise set forth in this Amending Agreement, all terms that are defined in the Offer to Purchase shall have the same definition in this Amending Agreement as in the Offer to Purchase.
2. Each of the parties acknowledges the accuracy of the matters set forth in the recitals to this Agreement.
3. The definition of "Seller" in the Offer to Purchase is hereby amended to mean the Vendor.
4. The following is added to Section 6 of the Offer to Purchase:

"Acceptance by the Vendor of the Offer to Purchase is conditional on the Court making an order approving the within transaction ("**Approval Order**") and issuing a vesting order (the "**Vesting Order**") which, when delivered to the Registrar of the Saskatchewan

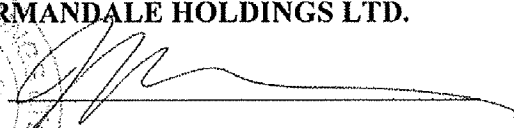
Land Titles Registry will compel the Registrar to cause Title to the Lands to issue in the name of the Buyer clear of all encumbrances, except easements, if any. The Receiver shall not be held responsible for damages, fees or costs in the event the Approval Order or Vesting Order is not made.”

- 5. Section 7(a) of the Offer to Purchase is hereby amended by changing the Closing Date to December 7, 2009.
- 6. Section 7(b) of the Offer to Purchase is hereby deleted in its entirety and replaced with the following:  

“On the Closing Date, the Seller shall supply the Buyer with the Vesting Order.
- 7. Section 9 of the Offer to Purchase is hereby deleted in its entirety.
- 8. Section 20 of the Offer to Purchase is hereby deleted in its entirety.
- 9. All terms and conditions of the Offer to Purchase except as amended herein shall remain in full force and effect and the parties hereby ratify and confirm the Offer to Purchase, as amended by this Amending Agreement.
- 10. This Amending Agreement shall enure to the benefit of and be binding upon the parties and their respective successors and permitted assigns.
- 11. This Agreement may be executed in as many counterparts as may be necessary, may be signed by facsimile or other means of electronic communication producing a printed copy and each of which so signed shall be deemed to be an original. Such counterparts together shall constitute one and the same instrument and shall be fully binding if executed in such counterparts.


IN WITNESS WHEREOF the parties have executed this Agreement effective as of the date first above written.

**NORMANDALE HOLDINGS LTD.**

Per: 

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

**RSM RICHTER INC. in its capacity as court-appointed receiver and manager of CONB Development Corp. and not in its personal capacity**

Per: 



September 4, 2009

[]

**Re: North Battleford Investor Update**

Dear [],

As on ongoing commitment to our investors, we have promised open and timely information regarding your projects. To this end we have posted an update on our website at [www.sci.ca](http://www.sci.ca). However, we also felt it prudent to send an update directly to you, to ensure that you have received it. We will continue these forms of communication on your project until its completion.

As per our last update dated August 6, 2009, rental increase notices were delivered to the existing tenants in the North Battleford Condominiums. As is usually the case with rental increases, the community has reacted strongly to the notice. The tenants have brought their cause to City Council. City Council has taken on a "protectionist" attitude as a result of the tenant's dissension. Council is concerned about the rent increases violating the terms of the conversion agreement currently in place. While we may see it differently, the city certainly has the ability to make the conversion process arduous and costly.

The buildings involved in this project have not had a rental increase in many years and the recently leased units have all been rented out at the new rates. The improved cash flowing performance of the property has attracted a moderate amount of interest in a potential bulk sale within the investment community. A bulk sale will continue to be evaluated as a comparable option versus the conversion that was outlined as the original strategy.

We will continue to keep you updated on the North Battleford development. In the interim, if you should have any questions, please feel free to contact myself or your investment consultant.

Kind Regards,

Curtis Potyondi  
VP, Investor Relations  
403-313-0342  
[Curtis@sci.ca](mailto:Curtis@sci.ca)  
[www.sci.ca](http://www.sci.ca)



**Re: North Battleford Investment Update**

**October 8, 2009**

As an ongoing commitment, we have promised transparent communication to our investors. To that end, I am writing today to update you on the current events regarding the North Battleford property. As discussed in our last communication, we have been pursuing a bulk sale option on the property, and although we have been presented with two offers, only one could be considered a bona fide offer. This offer began at \$5.8M and has now been increased through negotiations to \$6.4M. (The current appraisal based on the rent roll is between \$5.5M and \$6.6M). The offer has a closing date of December 1, 2009. To be clear, the 1<sup>st</sup> mortgage (including accrued interest) is currently valued at approximately \$7.0M.

In your interest, we will continue to work with all available suitors in an effort to maximize the overall return of capital and accrued interest.

As the events unfold in this transaction, I will continue to communicate the details to you.

Regards,

A handwritten signature in cursive script that reads 'Simone Rousseau'.

Simone Rousseau  
President  
Signature Capital  
403-313-0342  
[simone@sci.ca](mailto:simone@sci.ca)  
[www.sci.ca](http://www.sci.ca)



**Re: North Battleford Second Mortgage Investment**

[identity redacted]

**October 9, 2009**

Dear [],

As an ongoing commitment, we have promised transparent communication to our investors. To that end, I am writing today to update you on the current events regarding the North Battleford property. As discussed in our last communication, we have been pursuing a bulk sale option on the property, and although we have been presented with two offers, only one could be considered a bona fide offer. This offer began at \$5.8M and has now been increased through negotiations to \$6.4M. The current appraisal based on the rent roll is between \$5.5M and \$6.6M. The offer requires the conditions to be removed by October 19, 2009 and has a closing date of December 1, 2009. To be clear, the 1<sup>st</sup> mortgage (including accrued interest) is currently valued at approximately \$7.0M. Due to the obligation to the first mortgage holders, we must present them with this option as it is a viable alternative for them.

These events would create a situation whereby no funds would be available for distribution to the second mortgage. As a result of this, there are two options available to the investors in the second mortgage. The first of which is to “buy out” the first mortgage position and become the owners of the property. To do this a pool of approximately \$2.4M of funds will need to be created. This would act as the down payment on the property and conventional financing would then have to be procured to complete the transaction. To secure this institutional financing there will also have to be covenants (guarantees) in place from the new owners. With this in mind I would ask any and all parties interested in this option to please contact me by October 19<sup>th</sup>/09. Should the funds required to pursue this option be raised, Signature Capital would help facilitate the process on behalf of bondholders.

The second option is to simply take the loss and use the associated tax credit (if applicable to your personal situation).

I sincerely understand that these results are not what we had all originally anticipated for this project. The costs of carrying the project combined with the inability to obtain timely stratification, has led us to this unfortunate conclusion of events.

As the situation develops, I will continue to communicate the details to you.

Regards,

A handwritten signature in cursive script that reads "Simone Rousseau".

Simone Rousseau

President

Signature Capital

403-313-0342

[simone@sci.ca](mailto:simone@sci.ca)

[www.sci.ca](http://www.sci.ca)



November 25, 2009

RSM Richter Inc.  
Suite 910, 736 - 8th Avenue SW  
Calgary, AB T2P 1H4  
www.rsmrichter.com

## To CONB Finance Corp. and CONB Capital Corp. Bondholders

Pursuant to an order of the Court of Queen's Bench of Alberta ("Court") dated November 13, 2009 ("Order"), RSM Richter Inc. was appointed as receiver and manager ("Receiver") of Signature Capital Inc. and the companies it managed, including CONB Development Corp. ("CONB Development"), CONB Finance Corp. and CONB Capital Corp.

Prior to the commencement of the receivership proceedings, Normandale Holdings Ltd. ("Normandale") and CONB Development entered into an agreement ("Agreement") pursuant to which Normandale would acquire for \$6.4 million an apartment complex owned by CONB Development in North Battleford, Saskatchewan (the "Property").

The Receiver has reviewed the Agreement as well as an appraisal of the Property commissioned by CONB Development in April, 2009 from Suncorp Valuations Ltd. ("Suncorp"). The Receiver also engaged Brunsdon Junor Johnson Appraisals Ltd. ("Brunsdon"), an accredited appraiser based in Saskatoon, Saskatchewan, to provide a further opinion on the market value of the Property. The Suncorp appraisal and the Brunsdon opinion support acceptance of the Agreement.

The Receiver will be seeking Court approval of the Agreement in Calgary at 1:30 pm on December 2, 2009. A copy of the Receiver's motion materials will be posted on the Receiver's website at: <http://www.rsmrichter.com/restructuring.aspx> no later than Friday November 27, 2009. Bondholders only need to attend the Court hearing if they wish to make submissions concerning the transaction ("Transaction").

If the Agreement is approved by the Court, closing of the Transaction is scheduled to occur on December 7, 2009.

The Transaction is expected to generate proceeds insufficient to fully repay amounts owing to bondholders of CONB Finance Corp., the first ranking secured creditor of CONB Development. Accordingly, creditors of CONB Capital Corp., the next ranking secured creditor of CONB Development, are not expected to have any recovery from the Transaction.

Upon completion of the Transaction, the Receiver will consider and subsequently recommend to the Court a process to distribute the net proceeds to creditors of CONB Finance Corp., including a process to determine the amount owing to each creditor.

Yours very truly,



**RSM RICHTER INC.  
COURT APPOINTED RECEIVER AND MANAGER OF  
SIGNATURE CAPITAL INC. AND RELATED ENTITIES**

::ODMA\PCDOCS\DMTOR\24793613