Court File No. 643 of 2016

IN THE COURT OF QUEEN'S BENCH FOR SASKATCHEWAN
JUDICIAL CENTRE OF SASKATOON

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
101133330 SASKATCHEWAN LTD. AND 101149825 SASKATCHEWAN LTD.,

APPLICANTS

SECOND REPORT OF THE MONITOR
DELOITTE RESTRUCTURING INC.

AUGUST 12, 2016

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INTRODUCTION

1. On May 20, 2016, the Applicants, 101133330 Saskatchewan Ltd. ("**33330**") and 101149825 Saskatchewan Ltd. ("**825**"), (collectively the "**Applicants**" or the "**Companies**") filed for and obtained protection under the *Companies' Creditors Arrangement Act* (the "**CCAA**"). Pursuant to the Order of the Court of Queen's Bench for Saskatchewan (the "**Court**") dated May 20, 2016 (the "**Initial Order**"), restructuring proceedings previously commenced by the Applicants under Division I of Part III of the *Bankruptcy and Insolvency Act* (the "**BIA**") were taken up and continued under the CCAA. Deloitte Restructuring Inc. ("**Deloitte**") was appointed as the Monitor of the Applicants (the "**Monitor**") in the CCAA proceedings and a stay of proceedings was granted in favour of the Applicants.

2. On June 13, 2016, the Court extended the stay of proceedings until August 31, 2016 (the "**Stay Period**").

3. The Monitor has provided the Court with the following reports:

    a) A Pre-Filing Report of the Proposed Monitor dated May 12, 2016 (the "**Pre-Filing Report**") in connection with the Applicants' application for protection under the CCAA; and

    b) A First Report of the Monitor dated June 8, 2016 (the "**First Report**") in connection with the Applicants' motion to extend the Stay Period.

4. Copies of the Initial Order, the Pre-Filing Report, the First Report, all motion materials and orders in the CCAA proceedings, and certain other documents related to the CCAA proceedings have been posted and are available on the Monitor's website at www.insolvencies.deloitte.ca/en-ca/101133330and101149825SkLtd (the "**Monitor's Website**").

PURPOSE

5. The purpose of this second report of the Monitor (the "**Second Report**") is to provide the Court with information with respect to the following:

a) A summary of the Monitor’s activities since the First Report;

b) The status of the Applicants’ operations and key stakeholder relationships since the First Report;

c) An update of the Applicants’ cash flow forecast and comments on variances between actual results compared to forecast results for the period ended August 7, 2016;

d) The Applicants request for an increase in the amount of debtor in possession financing (the “**DIP Facility**”);

e) The activities of the Companies since the First Report with respect to restructuring the operations of the Applicants; and

f) The Applicants’ request for an extension of the Stay Period and the Monitor’s recommendations regarding the relief requested.

TERMS OF REFERENCE

6. In preparing this Second Report, the Monitor has relied upon unaudited interim financial information, the Applicants’ books and records, the affidavits of John Orr sworn on May 12, May 19, June 6, June 9, and August 12, 2016, the affidavit of David Calyniuk (Chief Executive Officer of North Ridge Development Corporation) sworn on August 12, 2016 (the “**Calyniuk Affidavit**”), and discussions with management of the Applicants (“**Management**”) and legal advisors to the Applicants.

7. The financial information of the Companies has not been audited, reviewed or otherwise verified by the Monitor as to its accuracy or completeness, nor has it necessarily been prepared in accordance with generally accepted accounting principles and the reader is cautioned that the Second Report may not disclose all significant matters about the Applicants. Additionally, none of the Monitor’s procedures were intended to disclose defalcations or other irregularities. If the Monitor were to perform additional procedures or to undertake an audit examination of the financial statements in accordance with generally accepted auditing standards, additional matters may have come to the Monitor’s attention.

Accordingly, the Monitor does not express an opinion nor does it provide any other form of assurance on the financial or other information presented herein. The Monitor may refine or alter its observations as further information is obtained or brought to its attention after the date of the Second Report.

8. The financial projections attached to this Second Report were prepared by Management (except where noted). Although the Monitor has reviewed the assumptions underlying the projections for reasonableness, financial projections, by their nature, are dependent upon future events, which are not susceptible to verification. Actual results will vary from the information presented and the variations may be material. The Monitor has not prepared a compilation as contemplated by Section 4250 of the Chartered Professional Accountants of Canada Handbook.

9. The Monitor assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the circulation, publication, reproduction or use of the Second Report. Any use which any party makes of the Second Report, or any reliance or decision to be made based on the Second Report, is the sole responsibility of such party.

10. Unless otherwise stated, all monetary amounts contained in this Second Report are expressed in Canadian dollars.

11. Capitalized terms used in this Second Report but not defined herein are as defined in the Pre-Filing Report and the First Report, as applicable.

ACTIVITIES OF THE MONITOR SINCE THE FIRST REPORT

12. Since the Monitor's First Report, the Monitor has engaged in the following activities, amongst others:

    a) Continued to carry out all of the various notice requirements of the Initial Order, as detailed in the First Report;

    b) Monitored on a weekly basis the receipts and disbursements of the Applicants and provided updated cash flow statements and cash flow variance analysis, as appended to the First and Second Reports, to Pillar Capital Corporation (the "**DIP Lender**") pursuant to the terms of the DIP Term Sheet;

c) Responded to ongoing inquiries from creditors and customers of the Applicants;

d) Provided weekly updates to Firm Capital Mortgage Fund Inc. ("**Firm Capital**") on the status of the 825 Land development process, in accordance with the Forbearance Agreement (defined later in this Second Report); and

e) Participated in hearings, and reported to Court with respect to, the Applicants' request to extend the Stay Period.

STAKEHOLDER UPDATE

13. As detailed in the First Report, Firm Capital and Frank Pa ("**Pa**"), the two (2) primary secured creditors with an interest in the 825 Land, expressed concerns with 825's inclusion in these CCAA proceedings and initially indicated that they were not prepared to have their rights stayed as against the 825 Land.

14. Subsequent to the June 13, 2016 Court hearing (the "**Extension Hearing**"), the Applicants, John Orr, Firm Capital, and Pa negotiated a forbearance agreement (the "**Forbearance Agreement**") with an effective date of June 13, 2016. The Forbearance Agreement is attached as Exhibit "**A**", and the salient terms are summarized below:

a) The parties have agreed to an initial forbearance period of six (6) months from June 13, 2016 to December 12, 2016 (the "**Initial Period**") with two (2) additional consecutive three (3) month automatic extensions (collectively the "**Extension Periods**"). The Extension Periods will automatically occur unless Firm Capital serves the Applicants with notice, in writing, setting out a material adverse change that would justify a refusal by Firm Capital to permit the extension (a "**Refusal Notice**"). Any such Refusal Notice would then be dealt with in accordance with the terms of the Forbearance Agreement.

b) A condition precedent of the Extension Periods is that 825 submit to the City of Saskatoon a complete land development concept plan (the "**Concept Plan**") and application for zoning approval (collectively the "**Applications**") prior to the expiry of the Initial Period.

c) During the Initial Period and the Extension Periods, Firm Capital and Pa will not take any steps to initiate or continue any enforcement activity, of their security or otherwise, or commence any actions against 825 or John Orr, provided that Firm Capital is able to draw its monthly interest payments from the Firm Capital interest reserve account (the "**Interest Reserve**") until depleted. Thereafter, monthly interest payments will be made by the Applicants from ongoing cash flows.

d) 825, 33330, and John Orr have agreed to fully repay the Firm Capital obligation of $3,500,000 and the Pa obligation of $2,100,000 (in addition to any applicable interest, expenses, and charges thereon) on or before the expiry of the Initial Period and the Extension Periods.

e) The Applicants will keep Firm Capital apprised, no less than monthly, as to the status of the 825 Land development process.

f) The Applicants will keep the property taxes with respect to the 825 Land current as they become due.

g) No forbearance fee will be payable by the Applicants, and there will be no increase in applicable interest rates.

15. The Monitor has reviewed the Forbearance Agreement, and from the Monitor's perspective, the contractual stay included in the Forbearance Agreement is the equivalent of the stay of proceedings granted in the Initial Order (and extended by the Court at the Extension Hearing), and it is expressly stated within the Forbearance Agreement that the provisions therein are subject to Court oversight. For these reasons, the Monitor is of the view that the Firm Capital lift stay Order does not prejudice the creditors or other stakeholders in these proceedings.

16. As at the date of this Second Report, the Applicants continue to be in compliance with the terms of the Forbearance Agreement and there have been no Refusal Notices delivered nor any Court applications to have the stay lifted (as provided for in the Forbearance Agreement) by Firm Capital or Pa.

17. The Companies' other stakeholders continue to generally support the ongoing operations of the Applicants during these CCAA proceedings:

    a) Suppliers

        i. The Monitor has been advised by Management that suppliers to the Applicants have been generally supportive of the Applicants post-filing and continue to supply goods and services on commercially reasonable terms.

    b) Tenants

        ii. Management has advised that the existing tenants at the Orr Centre continue to support the Applicants.

    c) Employees

        iii. Management has advised that the remaining employees of the Applicants remain committed to the Companies during the restructuring efforts. The Applicants continue to pay employees and remit statutory deductions in the normal course of business, as authorized by the Initial Order, and the Applicants are current with respect to all financial obligations owed to their employees since the filing. Pre-filing Canada Revenue Agency ("**CRA**") payroll source deduction arrears of approximately $68,000, owing as at May 20, 2016, remain unpaid.

18. Since the filing of the First Report, the Applicants have received various written items of correspondence from the City of Regina, wherein the City of Regina asserted its positon that all property taxes associated with the Orr Centre for calendar 2016 became due and payable as at July 1, 2016, and therefore constituted a post-filing debt of 33330.

19. On August 5, 2016, the Applicants' legal counsel responded to the City of Regina with reference to section 236(1) of *The Cities Act*, which states that property taxes are deemed to be imposed on January 1 of each year. The position of the Applicants is that the pro-rated municipal property taxes owing prior to April 20, 2016 (i.e. the date of filing of the Notice of Intention to Make a Proposal (the "**NOI**") in accordance with Section 50.4(1) of the BIA, which filing was taken up and continued under these CCAA proceedings), constitute a pre-filing debt which is "frozen" and caught by the stay of proceedings. This pre-filing obligation will be dealt with in due course in the CCAA proceedings. In contrast to the pre-filing municipal property tax arrears, the post-April 20, 2016 municipal property taxes have been paid, and will continue to be paid, on a monthly basis.

20. The Monitor supports the position of the Applicants that any property taxes owing by the Orr Centre for the period January 1, 2016 to April 20, 2016 are caught by the stay provisions, and will be dealt with in due course during these CCAA proceedings.

CASH FLOW STATEMENT AND LIQUIDITY

21. The Companies' cash receipts and disbursements for the period June 6, 2016 to August 7, 2016 are attached as Exhibit "**B**" with a comparison to the Revised Cash Flow.

22. The Monitor has conducted weekly reviews of the Companies' actual cash flow compared to the Revised Cash Flow. As detailed in the DIP Facility Agreement that was finalized on May 27, 2016, a weekly variance analysis has also been provided to the DIP Lender. The Monitor's comments on the actual cash flow to August 7, 2016 are as follows:

    a) Compared with the Revised Cash Flow statement attached as Exhibit F to the First Report, the Applicants experienced a favorable variance of approximately $174,000 in respect of the net cash outflows.

    b) This variance is primarily attributable to the following:

        i. $1,000 favorable cash receipts variance compared to forecast due primarily to additional event bookings that were not forecast. An additional $14,000 of forecast revenue is still expected to be collected from the University of

Saskatchewan (with respect to janitorial income) and $5,000 from the two Prince Albert Condominium units.

ii. $168,000 favorable development cost variance as with the engagement of the Owner's Representative (further discussed below), the Applicants have revised their development plan for the 825 Land which has reduced the costs involved with, and the necessity to complete, the Stantec Proposal. Additionally, the renovation and repair costs forecast for the Orr Centre have not yet been incurred, and these costs have been included in the Updated Cash Flow (further defined below).

iii. $51,000 favorable operating cost variance due primarily to the timing of incurring certain expenditures, not yet engaging a bookkeeper, a reduction in staff and associated staffing and withholding costs, and a reduction in insurance costs resulting from reduced life insurance coverage on John Orr.

iv. $46,000 unfavorable restructuring cost variance partially due to increased professional costs incurred as a result of negotiating and finalizing the Forbearance Agreement with Firm Capital.

23. As of the date of this Second Report, the Applicants have been able to manage their cash flow through utilization of the authorized DIP Facility as outlined in the Initial Order and the First Report. As the Applicants are now forecasting to fully utilize the DIP Facility during the week of October 3, 2016, the Applicants will need additional financing as detailed in the Updated Cash Flow statement attached hereto as Exhibit "**C**" (the "**Updated Cash Flow**") for the period ending January 1, 2017.

24. The Updated Cash Flow includes the assumptions as set out in the Notes and Summary of Assumptions ("**Notes and Assumptions**") set out in Notes 1 to 17 to the Updated Cash Flow.

25. The Monitor's comments on the Updated Cash Flow are as follows:

a) For the period August 8, 2016 to January 1, 2017, the Applicants are projected to have gross receipts of approximately $461,000 and disbursements of approximately $1,196,000, representing a net operating cash outflow of approximately $735,000.

b) The $500,000 DIP Facility granted in the Initial Order is projected to be fully utilized during the week commencing October 3, 2016. Based on the Updated Cash Flow, it is anticipated that, at a minimum, an additional $500,000 will be required to fund ongoing operations of 33330 and the continued development of the 825 Land.

c) The Monitor's review of the Updated Cash Flow consisted of inquiries, analytical procedures, and discussions related to information supplied to the Monitor by certain of the Management and employees of the Companies. Since the Notes and Assumptions need not be supported, the Monitor's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Updated Cash Flow. The Monitor has also reviewed the support provided by Management for the Notes and Assumptions, and the preparation and presentation of the Updated Cash Flow.

d) Based on the Monitor's review, nothing has come to its attention that causes it to believe that, in all material respects:

   i. The Notes and Assumptions are not consistent with the purpose of the Updated Cash Flow;

   ii. As at the date of the Second Report, the Notes and Assumptions developed by Management are not suitably supported and consistent with the plans of the Companies or do not provide a reasonable basis for the Updated Cash Flow, given the Notes and Assumptions; or

   iii. The Updated Cash Flow does not reflect the Notes and Assumptions.

26. Since the Updated Cash Flow is based on assumptions regarding future events, actual results will vary from the information presented, even if the Notes and Assumptions occur, and the variations may be material. Accordingly, the Monitor expresses no assurance as to whether the Updated Cash Flow will be achieved. The Monitor expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in the Second Report, or relied upon by the Monitor in its preparation.

DEBTOR IN POSSESSION FINANCING

27. As detailed in the Pre-Filing Report and the First Report, the DIP Facility was expected to provide sufficient funding to allow the Applicants to begin to reorganize their affairs in these proceedings, including conducting certain rezoning and subdivision activities for the 825 Land. However, the DIP Facility was not expected to be sufficient to complete all reorganization efforts. Based on the Updated Cash Flow, it is estimated that an additional $500,000 will be required to fund operations, the ongoing development of the 825 Land to January 1, 2017, and necessary repairs and upgrades to the Orr Centre.

28. As at the date of the Second Report, the Applicants have not yet secured a commitment from the DIP Lender, or from an alternate lender, to advance the additional $500,000 needed by the Applicants (the "**Additional DIP Facility**") on terms which the Applicants are able to accept. Management has advised that several parties have expressed an interest, and the Applicants intend to be in a position to present a commitment from a lender at the August 17, 2016 hearing.

29. Management has advised the Monitor that it believes the Applicants can continue to abide by all of the terms of the DIP Facility. The Additional DIP Facility is expected to provide sufficient funding to allow the Applicants to move forward with the 825 Land development and undertake certain remediation work at the Orr Centre, as further detailed below.

30. The Monitor notes that funding under the Additional DIP Facility is required on an urgent basis. The quantum of the Additional DIP Facility reflects the cash needs of the Applicants to continue ongoing operations and to continue development of the 825 Land. In the event that the Court approves the Additional DIP Facility at the hearing scheduled for August 17,

2016, the first Additional DIP Facility drawdown of $85,000 is forecast to occur during the week of October 3, 2016.

31. The Monitor expects that any lender advancing the Additional DIP Facility will require the existing DIP Lender's Charge granted in the Initial Order be increased to $1,000,000 to include the full amount of the existing DIP Facility and the Additional DIP Facility.

32. Furthermore, it is expected that the Additional DIP Facility will be administered in a manner that furthers the goals of these proceedings.

RESTRUCTURING EFFORTS

825

33. As detailed in the First Report, the Applicants retained Stantec to begin the scope of work outlined in the Stantec Proposal to develop the 825 Land. The Stantec Proposal is attached as Exhibit E to the Affidavit of John Orr dated June 6, 2016.

34. Since its retention on May 20, 2016, Stantec has been working with the City of Saskatoon to develop a Concept Plan and Serviceability Study for the 825 Land and neighboring lands (collectively the "**825 Concept Plan**"). The 825 Concept Plan was required to be submitted to the City of Saskatoon with 825's application to rezone the 825 Land to accommodate residential development. A complete progress report of Stantec's activities to July 4, 2016 is attached as Exhibit B to the Affidavit of John Orr dated August 12, 2016 (the "**Orr Affidavit**").

35. As detailed in the First Report, in order to assist with the 825 Land development process, the Applicants determined that it would be necessary to access the experience and expertise of a professional land developer to act as the Owner's Representative. The Applicants solicited interest from eight (8) prospective companies with the requisite experience and resources to fulfill this role, and they received formal proposals from two (2) Companies.

36. On or about June 13, 2016, the Applicants selected North Ridge Development Corporation ("**North Ridge**") to be the Owner's Representative. Formal engagement terms were agreed to between the Applicants and North Ridge on July 1, 2016, whereby North Ridge was given

the mandate to provide advice, direction, and take all steps necessary to maximize the value of the 825 Land.

37. Since being retained, North Ridge has had a number of discussions with the City of Saskatoon to discuss the 825 Land development process, potential zone density and servicing options, and the scope of work that is needed to be completed to have the 825 Land rezoned so that it could then become the subject of a Development Services Agreement ("**DSA**") with the City of Saskatoon.

38. In order to streamline and simplify the 825 Land development, North Ridge began exploring various development options in addition to the Stantec Proposal, one of which included a possible cost-sharing arrangement with an adjacent landowner.

39. On July 25, 2016, the Applicants' legal counsel provided the Monitor with written correspondence (the "**McDougall Correspondence**") detailing the status of North Ridge's activities and current recommended development approach for the 825 Land development (the "**Current 825 Development Approach**") identified by North Ridge. The McDougall Correspondence is attached as Exhibit "**D**".

40. Based on North Ridge's conversations with the City of Saskatoon and the adjacent landowner, Dream Development ("**Dream**"), as Dream had already received approval from the City of Saskatoon for its adjacent Willows Residential Golf Community (the "**Willows**") concept plan (the "**Willows Concept Plan**"), adding the 825 Land into the Willows Concept Plan would eliminate the need for the Applicants' standalone 825 Concept Plan contemplated by the Stantec Proposal. Inclusion in the Willows Concept Plan would also allow 825 to access the Willow's existing infrastructure (sewer, water, storm, and transportation), reducing future development costs. As indicated in the Orr Affidavit and in the Calyniuk Affidavit, both Dream and the City of Saskatoon are supportive of filing an application to amend the existing Willows Concept Plan (the "**Amended Willows Concept Plan**") to include the 825 Land. Further details of the activities undertaken by North Ridge to-date and the benefits associated with the Current 825 Development Approach are detailed in the Calyniuk Affidavit.

41. With the Current 825 Development Approach, the Applicants have advised that they will no longer have to incur the significant up front development costs (approximately $150,000) associated with the Stantec Proposal, and they will only have to share in their pro rata portion of the development costs incurred by Dream. With the inclusion of the 825 Land in the Amended Willows Concept Plan, the Applicants expect that their pro rata share of the development costs to be incurred by Dream will be no more than $54,000 based upon current estimates of costs and the ultimate pro rata share to be allocated.

42. Although the Applicants have still retained Stantec, the nature and extent of Stantec's involvement has been reduced as any activities associated with the Stantec Proposal have ceased while the Current 825 Development Approach is pursued by North Ridge.

43. As detailed in the Calyniuk Affidavit, the Current 825 Development Approach will simplify the 825 Land development process, and it is expected that the 825 Land will be much more attractive for a future acquisition once it is made part of the Willows.

44. As further detailed in the Calyniuk Affidavit, the Amended Willows Concept Plan, which will include the 825 Land, is expected to be submitted to the City of Saskatoon prior to the end of December of 2016, which the Applicants believe will mitigate further development delays.

33330

45. With respect to the Orr Centre, the Applicants have advised that since the First Report, they have continued to focus on reducing operating costs, filling the vacant residential and commercial space, and maximizing the potential to increase the use of the Orr Centre as an event centre, although they do acknowledge that the majority of their time to-date has been spent on the 825 Land development.

46. Since the First Report, the Applicants have determined that a number of heating unit ("**HVAC**") and roof repairs (collectively the "**33330 Repairs**") are required to be made at the Orr Centre prior to the onset of winter. As detailed in the Orr Affidavit (and reflected in the Updated Cash Flow), the Applicants have estimated that the total costs to complete the 33330 Repairs will be approximately $175,000.

47. As detailed in the First Report, the Applicants were considering engaging a third party consultant to assist with increasing the overall usage of the Orr Centre. The Applicants have commenced a process to solicit interest from Regina-based commercial real estate consultants and property managers with the requisite expertise to review and oversee day-to-day operations, develop a marketing strategy to fill vacancies and increase facility usage, and consider possible asset sale options. The Applicants, with the assistance of the Monitor, have identified four (4) parties from whom they have requested proposal submissions. The Applicants have stated to the Monitor that they are optimistic that engaging such a consultant will also assist with developing a viable plan for the Orr Centre which will enhance its value to both the current tenants and prospective purchasers. As at the date of this Second Report, the Applicants have not yet received any proposals from these consultants.

48. The Applicants continue discussions with existing tenants of the Orr Centre in an attempt to increase the usage of the existing dormitory space, and continue to explore options to increase revenues from the shuttered dormitory buildings.

49. The Applicants have advised the Monitor that a senior's housing provider, Orange Tree Management Inc. ("**Orange Tree**"), has expressed interest in entering into a long-term lease arrangement for one of the shuttered dormitory facilities at the Orr Centre, provided that the building could be renovated to meet its requirements. A draft Memorandum of Understanding (the "**MOU**") reflecting proposed lease terms has been prepared by the Applicants' legal counsel, and forwarded to Orange Tree for consideration. If successful, the Applicants have expressed their view that the senior's housing will have a positive impact on specific programming at the theatre, usage of the on-site restaurant, and expansion of the Orr Centre daycare to include senior's care. If the development process with Orange Tree is unsuccessful, the Applicants have advised the Monitor that consideration would again be given to subdividing the Orr Centre property and selling portions of the land to another developer as discussed in the First Report.

50. The Applicants also advised that the Prince Albert Condominiums have been listed for sale, and that if sold, any equity realized therefrom will be utilized in these CCAA proceedings.

REQUEST FOR EXTENSION OF THESE PROCEEDINGS AND RECOMMENDATIONS

51. Pursuant to the Order made herein on June 13, 2016, the current Stay Period expires on August 31, 2016. In order to facilitate restructuring efforts, the Companies are requesting an extension of the stay of proceedings to January 1, 2017. Management and its counsel have advised that this extension period will provide North Ridge with the time to work with Dream to have the Amended Willows Concept Plan filed with the City of Saskatoon. Additionally, the extension will provide the Applicants with the time required to perform certain necessary remediation work and the 33330 Repairs at the Orr Centre, to begin to increase tenancies and rental revenues, and to develop a plan to restructure operations of the Orr Centre property. The extension will also allow the Applicants time to further consider development of a plan of arrangement, which may potentially result in a Court approved sales process for certain of the assets of 33330 and 825.

52. As detailed in the First Report, the Monitor continues to be aware of its duty under Section 23(1)(h) of the CCAA which states that, if the Monitor is of the opinion that it would be more beneficial to the Applicants' creditors if proceedings in respect of the Applicants were taken under the BIA, it shall so advise the Court without delay after coming to that opinion. The Monitor has not come to such an opinion.

53. The Monitor is of the view that continuing the Applicants' restructuring under the CCAA proceedings holds the most realistic prospects to preserve the business as a going concern, maximize and preserve value for stakeholders of the Companies, and to allow time for the Companies to develop a restructuring plan which offers the only opportunity for many of the stakeholders to achieve a recovery. Receivership or bankruptcy at this time would be extremely disruptive and costly and, in the view of the Monitor, would not advance the objectives described in this paragraph and would be counterproductive to the interest of the various stakeholders.

54. The Applicants are working diligently to manage their financial and operational restructuring. In accordance with the Updated Cash Flow, the Applicants are forecasting to be able to operate within the Additional DIP Facility during the requested extension period.

55. The Monitor is of the view that the Applicants have acted, and are acting, in good faith and with due diligence, and respectfully recommends that this Court approve an extension of the stay of proceedings to January 1, 2017.

56. The Monitor respectfully recommends that the Court approve the Additional DIP Facility as it will enable the Applicants to continue to operate on an uninterrupted basis during these proceedings.

57. Additionally, John Orr has stated that reasonable prospects exist for the Companies to file a Plan of Arrangement under the CCAA and that it is the intention of the Applicants to do so. Based upon information presently available to it, the Monitor has no reason to take issue with these statements by John Orr.

58. The Monitor also respectfully requests that the Court provide an Order approving the Monitor's Pre-filing, First, and Second Reports and the actions and conduct of the Monitor described therein.

All of which is respectfully submitted at Saskatoon, Saskatchewan, this 12th day of August, 2016.

DELOITTE RESTRUCTURING INC.
In its capacity as Monitor of
101133330 Saskatchewan Ltd. and
101149825 Saskatchewan Ltd.,
and not in its personal capacity.

Per: Brent Warga, CA, CIRP
Senior Vice-President

Exhibit A – June 13, 2016 Forbearance Agreement

FORBEARANCE AGREEMENT

THIS AGREEMENT is made effective as of the 13th day of June, 2016.

AMONG:

FIRM CAPITAL MORTGAGE FUND INC.
(hereinafter sometimes called "**FCMF**")

OF THE FIRST PART

- and –

FRANK PA
(hereinafter sometimes called "**Pa**")

OF THE SECOND PART

- and -

JOHN ORR
(hereinafter sometimes called "**Orr**")

OF THE THIRD PART

- and -

101149825 SASKATCHEWAN LTD.
(hereinafter sometimes called "**825**")

OF THE FOURTH PART

- and -

101133330 SASKATCHEWAN LTD.
(hereinafter sometimes called "**330**")

OF THE FIFTH PART

WHEREAS:

A. FCMF has made certain credit facilities available to Orr and 330 pursuant to (a) Mortgage Loan Commitment dated June 23, 2015, as amended by an Amendment to the Mortgage Loan Commitment dated August 4, 2015, and (b) certain other agreements and arrangements between FCMF and Orr, 330 and 825 (together, the "**Obligors**" and each a "**Obligor**") and pursuant to which the loans more particularly described herein have been advanced by FCMF to Orr and 330 (collectively the "**FCMF Loan Agreements**") - each such loan being individually referred to as an "**FCMF Loan**" and such loans being collectively referred to as the "**FCMF Loans**".

B. As security for the FCMF Loans and for all other present and future indebtedness, interest, fees, expenses and other liabilities direct or indirect, absolute or contingent, due by Orr and 330 to FCMF (collectively, the "**FCMF Obligations**"), the Obligors executed, delivered and/or granted to FCMF certain security (collectively, the "**FCMF Security**"), including but not limited to the security described in Schedule "A". 825 also executed, delivered and/or granted to FCMF the guarantee described in Schedule "B" (the "**FCMF Guarantee**"). Comprised within the FCMF Security is a mortgage granted by 825 to FCMF over and in respect of the lands legally described as follows (the **"Saskatoon Lands"**):

Blk/Par A Plan No. 101456197 Extension 76
Surface Parcel #136156091.

C. Pa has made a loan to 825 and 330 in the amount of $2,100,000 (the **"Pa Loan"**). As security for the Pa Loan and for all other present and future indebtedness, interest, fees, expenses and other liabilities direct or indirect, absolute or contingent (collectively the **"Pa Obligations"**), 825 and 330 executed, delivered and/or granted to Pa a Mortgage dated September 17, 2015 (the **"Pa Mortgage"**) over and in respect of, *inter alia*, the Saskatoon Lands, along with other security (the security granted by 825 and 330 to Pa, collectively, the **"Pa Security"**. Orr guaranteed the Pa Loan pursuant to a Guarantee dated September 17, 2015 (the **"Pa Guarantee")**.

D. All issued and outstanding shares of 825 are owned by Orr.

E. 330 and 825 (collectively, the **"Mortgagors"**) have sought and obtained stays of proceedings under, first, the *Bankruptcy and Insolvency Act* (the **"BIA"**) and the *Companies' Creditors Arrangement Act* (the **"CCAA"**), and the stay pursuant to the CCAA remains in force pursuant to the Order of Mr. Justice Gabrielson of the Court of Queen's Bench for Saskatchewan in Bankruptcy and Insolvency (the **"Court"**) dated May 20, 2016 (as amended and extended, the **"CCAA Order"**).

F. Pursuant to the CCAA Order, Deloitte Restructuring Inc. (the "**Monitor**") has been appointed as the Monitor of the Guarantors (the proceedings under the CCAA Order, the **"CCAA Proceedings"**).

G. The FCMF Loans are in default and have been in default pursuant to the terms of the arrangements between FCMF and the Obligors. Without limitation, those defaults include the following defaults in respect of the FCMF Loan Agreements and the FCMF Security (collectively, the **"Defaults to FCMF"**):

1. 330 has fallen into arrears of its obligations to pay property taxes, contrary to the Mortgage granted by it;

2. Contrary to the Mortgages granted by 330 and 825 (collectively, the **"Mortgagors"**) to the Lender, the financial positions of the Mortgagors and the mortgaged lands, and the values of the mortgaged lands, have suffered material adverse changes in that, among other things, both of the Mortgagors have taken and are subject to insolvency proceedings, both have stated that they are insolvent, and, among other events, their principal has stated that values of such lands are substantially lower than previously represented to the Lender when it entered into the Loans;

3. Actions have been commenced concerning Mortgagors, in the form of proposals under the BIA and the issuance of the CCAA Order which may materially affect the Mortgagors and the lands subject to the Existing Security;

4. 330 has failed to make all required remittances to governmental authorities;

5. Contrary to the terms of the General Security Agreements granted by each of the Mortgagors to FCMF, each of the Mortgagors have become insolvent and have taken advantage of statutes for the relief of insolvent debtors, and FCMF feels itself insecure; and

6. Pursuant to the FCMF Loan Agreements, default under any of the FCMF Security represents default under all FCMF Loan Agreements and FCMF Security.

H. As a result of the Defaults to FCMF, each of the Obligors is in default of its obligations to FCMF pursuant to the Loan Agreements.

I. The Pa Loan is in default and has been in default by reason of the failure of 825 and 330 to make all payments required pursuant to the Pa Mortgage.

J. FCMF holds an interest reserve, pursuant to a Cash Pledge Agreement granted to it by the Guarantor, in the amount of $116,087 as at June 23, 2016, which the Guarantor had agreed would be drawn upon to make the monthly interest payments in respect of the Loans (the **"FCMF Interest Reserve"**).

K. FCMF has issued a formal written demand to Orr for payment of the FCMF Obligations. But for the stay of proceedings ordered pursuant to the CCAA Order, each of FCMF and Pa (collectively, the **"Lenders"**) would be in a position to issue to the Mortgagors formal written demands and notices of its intention to enforce their respective security pursuant to section 244 of the *Bankruptcy and Insolvency Act* (the "**Notices**").

L. On June 13, 2016, the Lenders consented to an extension of the CCAA Order and the stay of proceedings in force in respect of 825 to August 31, 2016, on condition that the Obligors enter into a forbearance agreement with them on the broad terms set forth in a letter from McDougall Gauley LLP to Miller Thomson LLP dated June 10, 2016 (the **"Forbearance Terms Letter**"). The purpose of this agreement is to more formally provide for the terms of forbearance.

M. The Obligors have agreed to observe all of the provisions of this Agreement.

N. The Lenders are prepared to forbear from exercising their enforcement rights against Orr and 825 for the time period(s) set forth herein upon and subject to the terms of this Agreement. The Lenders have not waived any defaults or breaches by any of the Obligors of the terms of the FCMF Loans and the Pa Loan, but rather have strictly reserved their respective rights and remedies under their respective loans, securities and guarantees.

O. 330 has agreed to consent to the forbearance arrangements, and to the amendments to the FCMF Loan Agreements and the Pa Mortgage that will result.

NOW THEREFORE this Agreement witnesses that in consideration of the mutual covenants herein contained and the sum of $10.00 and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ACKNOWLEDGMENTS/AGREEMENTS

1. Each of the Obligors jointly and severally acknowledges and agrees that:

   (a) the facts as set out in the recitals to this Agreement are true and accurate in all respects;

   (b) without limitation, as at the close of business on the 23rd day of June, 2016, the aggregate principal amount of Orr's and 330's borrowings under the FCMF Loans, exclusive of interest, expenses and charges, was $3,500,000.00;

(c) without limitation, as at the close of business on the 23rd day of June, 2016, the aggregate principal amount of 825's and 330's borrowings under the Pa Mortgage, exclusive of interest, expenses and charges, was $2,100,000.00;

(d) subject only to the provisions of the CCAA Order:

(i) without limitation, each of the documents comprising the FCMF Security and the Pa Security is valid and enforceable in accordance with its terms;

(ii) without limitation, each of the FCMF Guarantee and the Pa Security is valid and enforceable in accordance with its respective terms;

(iii) without limitation, except as provided in this Agreement, each of the Lenders is in a position to enforce its respective security and guarantee(s) and pursue all remedies with respect to the obligations owed to it by the Obligors as it may deem appropriate; and

(e) without limitation, except as provided in this Agreement, neither Lender (either by itself or through its employees or agents) has made any promises, nor has it taken any action or omitted to take any action, that would constitute a waiver of its rights to enforce its security or guarantee(s) held by it and to pursue its remedies in respect of the FCMF Obligations or the Pa Obligations, as applicable, or that would estop it from so doing.

2. Without limitation, each of the Obligors jointly and severally acknowledges to each of the Lenders that the security for the loan(s) owing to such Lender has not been discharged, varied, waived or altered (except to the extent, if any, set out herein) and that the FCMF Security and the Pa Security is binding upon and is enforceable against the Obligors, as applicable, in accordance with the terms thereof. Again without limitation, each guarantor under the FCMF Guarantee and the Pa Guarantee acknowledges that applicable guarantee is in full force and effect and is enforceable against such guarantor in accordance with the respective terms thereof.

3. None of the Obligors dispute their respective liability to pay the FCMF Obligations and the Pa Obligations and/or the amounts they have guaranteed, on any basis whatsoever and each such Deb acknowledges and agrees that they shall make have no claims for set-off, or counterclaim on any basis whatsoever against FCMF, Pa, or any of their directors, officers, employees, representatives and agents.

FORBEARANCE/STAY OF PROCEEDINGS

4. The Obligors specifically agree to fully repay the FCMF Obligations and the Pa Obligations on or before the expiry of the Forbearance Period.

5. The Applicants shall join with the Lenders in making an application to the Court to lift the stay of proceedings against the Lenders with respect to 825 (the **"825 Stay"**) on the terms hereof. FCMF shall be entitled to schedule such application at a time of its choosing and shall not be obligated to wait until August 31, 2016.

6. During the Forbearance Period, the Lenders shall not take any steps to:

(a) initiate or continue any enforcement activity, of their security or otherwise, or commence any actions against against 825; or

(b) serve any demands on Orr or initiate any other enforcement activity or commence any actions against Orr;

provided that FCMF shall be entitled to take regularly scheduled payments of interest from the FCMF Interest Reserve until it is depleted. FCMF shall, on a monthly basis, advise the Obligors in writing of the status and remaining amount of the FCMF Interest Reserve.

7. All terms and conditions of all existing agreements between the Obligors and the Lender (including such terms and conditions as are provided for in the Loan Agreements) shall continue in full force and effect, save and except as amended by this Agreement and, in accordance with Section 27, to the extent that any provisions of the Loan Agreement are inconsistent with this Agreement, this Agreement shall prevail.

8. Subject to clauses 9, 10 and 11, the Forbearance Period shall consist of the following period(s):

(a) An initial forbearance period of six months from June 13, 2016, expiring at 11:59 p.m. on December 12, 2016 (the "Initial Period"), with two additional consecutive three month automatic extensions (the "Extension Periods" and each an "Extension Period").

9. It shall be a condition precedent of the Extension Periods that 825 submit to the City of Saskatoon a complete Concept Plan and application for zoning approval (collectively, the **"Applications"**) prior to the expiry of the Initial Period. If 825 fails to submit the Applications before the expiry of the Initial Period, then the Forbearance Period shall automatically terminate at the end of the Initial Period.

10. If the Obligors fail to make any regularly scheduled interest payment pursuant to clause 15, the Obligors shall have 21 days to remedy such failure, failing which the Forbearance Period shall automatically and immediately terminate.

11. Subject to clauses 9 and 10, the automatic triggering of the Extension Periods will occur unless FCMF serves the Obligors with a notice in writing setting out a material adverse change in circumstances that justifies a refusal to permit the extension (a **"Refusal Notice"**). Within 15 days of service of a Refusal Notice, the Obligors shall serve notice in writing on FCFM advising of whether they accept that a material adverse change has occurred. If the Obligors dispute that a material adverse change has occurred, either party may refer the dispute to the Court for determination. If the Obligors accept that a material adverse change has occurred, then they shall have 30 days from the date of service of the Refusal Notice to cure the material adverse change. If, after the 30 days has expired, FCMF disputes that the material adverse change has been cured, then it may refer the dispute to the Court for determination. If the Obligors do not dispute that a material adverse change has occurred within 30 days of service of a Refusal Notice (a **"Non-Dispute"**), or upon determination by the Court that a material adverse change has occurred and (if applicable) has not been cured (a **"Court Determination"**), the following shall apply:

(a) if the material adverse change has occurred within the Initial Period or the first Extension Period and the Non-Dispute or Court Determination have also occurred within such period, then the Forbearance Period shall automatically terminate at the end of such Initial Period or first Extension Period; and

(b) if the material adverse change has occurred within the Initial Period or the first Extension Period and the Non-Dispute or Court Determination have occurred in a subsequent Extension Period, then the Forbearance Period shall automatically and immediately terminate upon the Non-Dispute or Court Determination, as applicable.

For clarity, if FCMF determines that a material adverse change has occurred, it shall be entitled to provide a Refusal Notice without waiting until the expiry of the Initial Term or the first Extension Period, as applicable.

12. No forbearance fee shall be payable by the Obligors, nor shall there be any increase in the applicable rates of interest.

COVENANTS OF OBLIGORS

13. The Obligors shall keep FCMF apprised of all steps taken in 825's development process and shall address all reasonable inquiries that may be directed to them throughout the Forbearance Period. FCMF shall be copied on all regular reporting by 825's consultant, Stantec Consulting Ltd. (**"Stantec"**), which shall be no less than monthly, and shall be provided with all reports and documents required for the Application as and when they are finalized and ready to be delivered.

14. The Obligors will undertake to use their best efforts to arrange for full payout of the FCMF Obligations and the Pa Obligations as quickly as is reasonably possible under the circumstances.

15. During the Forbearance Period, the Obligors shall be obliged to make all interest payments due to FCMF pursuant to the FCMF Loan Agreements, including after the FCMF Interest Reserve is depleted.

16. The Obligors shall ensure that the property taxes with respect to the Saskatoon Lands are paid as and when they fall due.

17. From the date of the Initial Order and continuing until the expiration or termination of the Forbearance Period, the Obligors hereby agree to toll and suspend the running of the applicable statutes of limitations, laches or other doctrines related to the passage of time in relation to the FCMF Obligations and the Pa Obligations, and all security and other documentation granted by the Obligors in respect thereof and any other related matters, and each of the parties confirms that this agreement is intended to be an agreement to suspend or extend the limitation period pursuant to section 21 of *The Limitations Act* (Saskatchewan) and any contractual time limitation on the commencement of proceedings, any claims or defences based upon such application statute of limitations, contractual limitations, or any time related doctrine including waiver, estoppel or laches.

CONSENT ORDER NISI FOR SALE BY JUDICIAL LISTING

18. At the expiry or termination of the Forbearance Period without repayment of the FCMF Obligations and the Pa Obligations having been made in full, FCMF and/or Pa shall be entitled to immediately commence an action to enforce the mortgage(s) granted by 825 with respect to the Saskatoon Lands and shall be entitled to a Consent Order Nisi for Sale by Judicial Listing (a **"Consent Order Nisi"**) with respect to the Saskatoon Lands. The Obligors shall not defend such action or take any steps to delay the enforcement by

FCMF or Pa of their mortgage(s) granted by 825 with respect to the Saskatoon Lands. The redemption period in the Consent Order Nisi shall be as follows:

(a) If the Forbearance Period has terminated through expiry of time (i.e., the Initial Period and both Extension Periods have elapsed) or has terminated by operation of clause 9 (failure to submit the Application by the end of the Initial Period) or clause 10 (failure to make interest payments), the redemption period shall be one month.

(b) If the Forbearance Period has terminated by operation of clause 11 (material adverse change), the redemption period shall be two months.

GENERAL

19. Without prejudice to any other method of giving notice, any notice required or permitted to be given to a party pursuant to this Agreement shall be conclusively deemed to have been received by such party on the next business day following the sending of the notice by prepaid private courier, facsimile or email to the address, facsimile number or email address (as applicable) of such party noted in the following section of this Agreement. Any party may change his, her or its address for service by notice given in the foregoing manner.

20. The address and facsimile number for the parties are as follows:

(a) for the Obligors:

McDougall Gauley LLP
500 – 616 Main Street
Saskatoon, SK S7H 0J6

Attention:	Ian Sutherland
Email:	isutherland@mcdougallgauley.com
Fax:	306-652-1323

(b) for the Lenders:

Miller Thomson LLP
300 – 15 23rd Street East
Saskatoon, SK S7K 0H6

Attention:	David Gerecke
Email:	dgerecke@millerthomson.com
Fax:	306-652-1586

The parties are entitled to rely upon the accuracy of the names, address and fax numbers set out herein unless and until notice of change shall be received by each party.

21. Each of the Obligors acknowledge that time is of the essence of this Agreement. In this Agreement, the term "business day" means a day which is not a Saturday, Sunday or other statutory holiday in the Province of Saskatchewan. In the event that any action, step or proceeding contemplated by this Agreement is scheduled to occur on a day

which is not a business day, then the action or step or proceeding shall instead be required to occur on the next following business day.

22. Each of the Obligors agree to promptly do, make, execute and deliver all such further acts, documents and instruments as the Lender may reasonably require to allow either of the Lenders to enforce any of its rights under this Agreement and to give effect to the intention of this Agreement.

23. This Agreement shall be governed by the laws of the Province of Saskatchewan and the laws of Canada applicable therein. All references in this Agreement to currency are to Canadian currency unless expressly stated otherwise.

24. If any provision of this Agreement shall be deemed by any court of competent jurisdiction to be invalid or void, the remaining provisions shall remain in full force and effect.

25. This Agreement shall be binding upon and shall enure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and assigns.

26. Words importing the singular include the plural and vice-versa, and words importing gender include all genders unless the context expressly otherwise requires. The headings contained in this Agreement are for convenience only and shall not affect the interpretation of this Agreement.

27. This Agreement constitutes the entire agreement of the parties relating to the subject matter hereof and may not be amended or modified except by written consent executed by all parties. No provision of this Agreement shall be deemed waived by any course of conduct unless such waiver is in writing and signed by all parties, specifically stating that it is intended to modify this Agreement. In the event of an express conflict between the terms and conditions of this Agreement and the terms and conditions of any of the Loan Agreements, the Existing Security or the Guarantee, the terms and conditions of this Agreement shall govern to the extent necessary to resolve such conflict. There are no representations, warranties or undertakings between the parties hereto with respect to the subject matter hereof other than as set out in this Agreement (and the Existing Security, the Guarantee and other documentation ancillary hereto).

28. This Agreement and any of the documents to be delivered or furnished pursuant to this agreement may be executed and delivered in any number of counterparts, each of which when executed and delivered is an original but all of which taken together constitute one and the same instrument. Any party may deliver an executed copy of this agreement or any of the documents to be delivered or furnished pursuant to this agreement by facsimile or electronic mail transmission but that party shall immediately deliver to the other parties an originally executed copy of such document.

29. Each of the Obligors hereby acknowledge they have reviewed the Agreement in its entirety with their legal counsel prior to executing this Agreement.

[signatures on following page]

IN WITNESS WHEREOF AND FOR VALUABLE CONSIDERATION, this Agreement has been executed and delivered by the parties hereto as of the date and year set forth above.

FIRM CAPITAL MORTGAGE FUND INC.

Per: ______________________

Name:

Title:

I/We have the authority to bind the Lender

______________________ Witness

______________________ **FRANK PA**

Michelle Martin

Witness

JOHN ORR

SASKATCHEWAN 101149825 LTD. Seal

101149825 SASKATCHEWAN LTD.

Per: ______________________

Name: John Orr

Title: President

I/We have the authority to bind the Guarantor

SASKATCHEWAN 101133330 LTD. Seal

101133330 SASKATCHEWAN LTD.

Per: ______________________

Name: John Orr

Title: President

I/We have the authority to bind the Corporation

SCHEDULE A

CERTAIN OF THE FCMF SECURITY

A. Granted by John Orr – all dated September 23, 2015

1. General Security Agreement
2. Assignment and Postponement of Claims in respect of 101133330 Saskatchewan Ltd.
3. Assignment and Postponement of Claims in respect of 101149825 Saskatchewan Ltd.

B. Granted by 101149825 Saskatchewan Ltd. – all dated September 23, 2015 except as specified

1. Mortgage in respect of Blk/Par A Plan No 101456197 Extension 76 Surface Parcel #136165091 dated September 1, 2015
2. Assignment of Rents and Leases in respect of Blk/Par A Plan No 101456197 Extension 76 Surface Parcel #136165091 dated September 1, 2015
3. General Security Agreement
4. Cash Pledge Agreement
5. Assignment and Direction (to Financial Institutions)
6. Assignment and Direction (New Home Warranty)
7. Assignment and Direction (Municipality/Utility)
8. Assignment of Contracts, Rights and Approvals
9. Assignment of Purchase and Sale Contracts

SCHEDULE B

FCMF GUARANTEE

Date of Guarantee:	September 23, 2015
Issued By:	101149825 Saskatchewan Ltd.
Indebtedness Guaranteed:	Obligations of Borrower to the Lender
Principal Limited:	Principal amounts specified in the Commitment Letter ($3,500,000)

CANADA)
PROVINCE OF SASKATCHEWAN)
TO WIT:)

AFFIDAVIT OF EXECUTION

I, Michelle Martin, of Saskatoon, Saskatchewan, MAKE OATH AND SAY AS FOLLOWS:

1. THAT I was personally present and did see **John Orr**, named in the within Forbearance Agreement, who is personally known to me to be the person named therein, duly sign and execute the same for the purpose named therein.

2. THAT the same was executed at Saskatoon, Saskatchewan, and that I am the subscribing witness thereto.

3. THAT I know the said **John Orr** and he is in my belief of the full age of 18 years or more.

SWORN BEFORE ME at the City)
of Saskatoon, in the Province)
of Saskatchewan, this 22 day)
of July, 2016)

Colleen D. Grisman) M Martin

A ~~COMMISSIONER FOR OATHS~~ in and
for Saskatchewan, ~~being a Solicitor~~ Notary Public
OR my Commission expires:

April 30, 2017

IN WITNESS WHEREOF AND FOR VALUABLE CONSIDERATION, this Agreement has been executed and delivered by the parties hereto as of the date and year set forth above.

FIRM CAPITAL MORTGAGE FUND INC.

Per: ______________________

Name:

Title:

I/We have the authority to bind the Lender

____
Witness

____
FRANK PA

____
Witness

____
JOHN ORR

101149825 SASKATCHEWAN LTD.

Per: ______________________

Name: John Orr

Title: President

I/We have the authority to bind the Guarantor

101133330 SASKATCHEWAN LTD.

Per: ______________________

Name: John Orr

Title: President

I/We have the authority to bind the Corporation

IN WITNESS WHEREOF AND FOR VALUABLE CONSIDERATION, this Agreement has been executed and delivered by the parties hereto as of the date and year set forth above.

FIRM CAPITAL MORTGAGE FUND INC.

Per: ______________________

Name: Jonathan Mair

Title: V.P.

I/We have the authority to bind the Lender

______________________ Witness

______________________ **FRANK PA**

______________________ Witness

______________________ **JOHN ORR**

101149825 SASKATCHEWAN LTD.

Per: ______________________

Name: John Orr

Title: President

I/We have the authority to bind the Guarantor

101133330 SASKATCHEWAN LTD.

Per: ______________________

Name: John Orr

Title: President

I/We have the authority to bind the Corporation

Exhibit B – Actual vs. Forecast Cash Flows for the Period June 6, 2016 to August 7, 2016

101133330 SASKATCHEWAN LTD. AND 101149825 SASKATCHEWAN LTD.
Actual Versus Forecast Cash Flows
June 6, 2016 through August 7, 2016

	Notes	Forecast Week 1	Actual Week 1	Forecast Week 2	Actual Week 2	Forecast Week 3	Actual Week 3	Forecast Week 4	Actual Week 4	Forecast Week 5	Actual Week 5	Forecast Week 6	Actual Week 6	Forecast Week 7	Actual Week 7	Forecast Week 8	Actual Week 8	Forecast Week 9	Actual Week 9	Forecast Total	Actual Total	Variance Actual vs Forecast
Week Start		6-Jun-16	6-Jun-16	13-Jun-16	13-Jun-16	20-Jun-16	20-Jun-16	27-Jun-16	27-Jun-16	4-Jul-16	4-Jul-16	11-Jul-16	11-Jul-16	18-Jul-16	18-Jul-16	25-Jul-16	25-Jul-16	1-Aug-16	1-Aug-16	6-Jun-16	6-Jun-16	Forecast
Week End		12-Jun-16	12-Jun-16	19-Jun-16	19-Jun-16	26-Jun-16	26-Jun-16	3-Jul-16	3-Jul-16	10-Jul-16	10-Jul-16	17-Jul-16	17-Jul-16	24-Jul-16	24-Jul-16	31-Jul-16	31-Jul-16	7-Aug-16	7-Aug-16	7-Aug-16	7-Aug-16	surplus/(shortfall)
Receipts																						
Dormitory Rentals	(1)	$ -	$ 630	$ -	$ 1,780	$ -	$ 600	$ 1,435	$ 420	$ -	$ 2,142	$ -	$ 1,020	$ -	$ 287	$ -	$ -	$ 1,435	$ 600	$ 2,870	$ 7,479	$ 4,609
GST Collections	(2)	2,646	-	-	-	-	-	1,662	-	2,646	-	-	-	-	-	877	-	785	-	8,615	-	(8,615)
Janitorial Income	(3)	7,000	-	-	-	-	-	-	-	7,000	-	-	-	-	-	-	-	-	-	14,000	-	(14,000)
Prince Albert Condo Income	(4)	-	-	-	-	-	-	2,300	-	-	-	-	-	-	-	-	-	2,300	-	4,600	-	(4,600)
Parking Income	(5)	-	-	-	-	-	-	550	-	-	-	-	-	-	-	-	-	550	-	1,100	-	(1,100)
Rental Income	(6)	45,914	69,605	-	1,100	-	-	33,235	12,382	45,914	18,000	-	50,300	-	8,629	17,542	15,318	15,692	8,052	158,298	183,386	25,088
Total Receipts		**55,560**	**70,235**	**-**	**2,880**	**-**	**600**	**39,181**	**12,802**	**55,560**	**20,142**	**-**	**51,320**	**-**	**8,916**	**18,420**	**15,318**	**20,762**	**8,652**	**189,483**	**190,865**	**1,382**
Disbursements																						
825 Development Costs																						
Initial Survey	(7)	-	-	5,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,000	-	(5,000)
Land Rezoning	(8)	13,010	-	-	-	39,010	-	-	-	-	-	-	-	-	-	39,010	-	-	-	91,029	-	(91,029)
Environmental Geotech Groundwater Assessments	(9)	-	-	-	-	15,000	-	-	-	-	-	-	-	-	-	-	-	-	-	15,000	-	(15,000)
Subdivision Survey	(10)	-	-	-	-	10,000	-	-	-	-	-	-	-	-	-	-	-	-	-	10,000	-	(10,000)
Owner's Representative	(11)	-	-	-	-	-	-	7,500	-	-	-	-	2,625	-	-	7,500	-	-	-	15,000	2,625	(12,375)
33330 Development Costs																						-
Renovations and Repairs	(12)	-	-	12,500	-	-	-	-	-	-	-	12,500	-	-	-	-	-	-	-	25,000	-	(25,000)
Property Manager / Agent Costs	(13)	-	-	5,000	-	-	-	-	-	-	-	5,000	-	-	-	-	-	-	-	10,000	-	(10,000)
Subtotal		13,010	-	22,500	-	64,010	-	7,500	-	-	-	17,500	2,625	-	-	46,510	-	-	-	171,029	2,625	(168,404)
Operating Costs	(14)																					
Bank Service Charges		-	8	-	-	-	-	197	-	-	207	-	-	-	-	-	80	197	767	395	1,061	666
Bookkeeping	(15)	-	-	-	-	-	-	7,500	-	-	-	-	-	-	-	7,500	-	-	-	15,000	-	(15,000)
City Taxes (Orr Centre)		-	-	-	-	-	-	8,704	-	-	8,704	-	-	-	-	-	-	8,704	8,704	17,408	17,408	-
City Taxes (Prince Albert Condos)		-	-	-	-	-	-	469	-	-	-	-	-	-	-	-	-	469	-	938	-	(938)
Computer Internet		-	-	-	-	-	-	145	-	-	-	-	-	-	-	145	-	-	-	289	-	(289)
Event Staging		1,498	-	-	-	-	-	-	3,000	1,498	-	-	-	-	-	-	-	-	-	2,996	3,000	4
Garbage Disposal		-	238	-	-	-	-	171	-	-	-	-	918	-	-	171	-	-	-	341	1,156	814
GST Remittance	(16)	2,182	2,182	-	-	-	-	-	-	-	2,423	4,386	-	-	-	-	435	-	-	6,568	5,041	(1,527)
Insurance		9,135	4,381	2,500	1,130	-	-	6,635	-	-	3,321	2,500	-	-	844	-	-	6,635	3,321	27,406	12,996	(14,409)
Janitorial Supplies		-	-	-	-	-	114	859	350	-	-	-	-	-	-	859	-	-	-	1,718	464	(1,254)
Maintenance & Repair		1,000	-	-	-	-	2,077	-	2,558	1,000	-	-	1,249	-	158	-	-	-	112	2,000	6,152	4,152
Office / Miscellaneous		1,213	404	463	135	-	92	463	384	463	70	463	1,665	463	-	-	-	463	1,164	3,988	3,914	(73)
Payroll		13,343	11,020	-	62	13,343	11,084	-	-	13,343	10,681	-	2,581	13,343	12,214	-	273	13,343	3,411	66,716	51,326	(15,389)
Payroll Deductions (CRA)		11,395	-	-	5,384	6,395	-	-	-	6,395	-	-	11,020	6,395	-	-	-	6,395	11,014	36,974	27,418	(9,556)
SaskEnergy		-	-	-	5,858	-	-	-	-	7,552	-	-	-	-	-	-	-	7,552	-	15,103	5,858	(9,246)
SaskPower		-	-	-	18,061	-	-	-	-	10,888	-	-	-	-	10,840	-	-	10,888	-	21,776	28,901	7,125
Security Contract		-	-	-	-	-	-	350	-	-	-	-	-	-	-	-	-	350	-	700	-	(700)
Telephone		-	-	-	453	235	-	-	-	-	-	-	-	235	-	-	-	-	-	470	453	(17)
Television		-	-	621	-	-	-	-	2,260	-	-	621	-	-	-	-	-	-	-	1,243	2,260	1,017
Vehicle Expense		150	-	150	209	150	128	150	47	150	-	150	58	150	-	150	-	150	56	1,350	497	(853)
Workers' Compensation		-	-	-	-	-	-	-	-	-	-	-	-	-	4,529	-	-	-	-	-	4,529	4,529
Subtotal		39,916	18,233	3,734	31,291	20,123	13,495	25,642	8,599	41,288	25,406	8,120	17,491	20,585	28,584	8,824	788	55,146	28,547	223,378	172,435	(50,943)
Restructuring Costs																						
Professional Fees	(17)	50,000	113,514	25,000	-	20,000	-	15,000	-	15,000	91,415	15,000	-	10,000	11,315	10,000	-	10,000	-	170,000	216,243	46,243
DIP Charges																						
Monthly Monitoring Fee	(18)	-	-	-	-	-	-	500	500	-	-	-	-	-	-	500	500	-	-	1,000	1,000	-
Interest	(19)	-	-	-	-	-	-	6,250	5,959	-	-	-	-	-	-	6,250	6,370	-	-	12,500	12,329	(171)
Subtotal		50,000	113,514	25,000	-	20,000	-	21,750	6,459	15,000	91,415	15,000	-	10,000	11,315	16,750	6,870	10,000	-	183,500	229,573	46,073
Total Disbursements		**102,925**	**131,746**	**51,234**	**31,291**	**104,132**	**13,495**	**54,892**	**15,058**	**56,288**	**116,821**	**40,620**	**20,116**	**30,585**	**39,899**	**72,084**	**7,658**	**65,146**	**28,547**	**577,907**	**404,632**	**(173,275)**
Cash Surplus / (Deficit)		**$ (47,365)**	**$ (61,512)**	**$ (51,234)**	**$ (28,411)**	**$ (104,132)**	**$ (12,895)**	**$ (15,711)**	**$ (2,256)**	**$ (728)**	**$ (96,679)**	**$ (40,620)**	**$ 31,205**	**$ (30,585)**	**$ (30,983)**	**$ (53,664)**	**$ 7,660**	**$ (44,384)**	**$ (19,895)**	**$ (388,424)**	**$ (213,767)**	**$ 174,656**
Consolidated Cash Balance (beginning of period)		$ 479,597	$ 479,597	$ 432,232	$ 418,086	$ 380,998	$ 389,674	$ 276,866	$ 376,779	$ 261,155	$ 374,523	$ 260,427	$ 277,844	$ 219,807	$ 309,048	$ 189,222	$ 278,066	$ 135,557	$ 285,725	$ 479,597	$ 479,597	$ -
Consolidated Cash Balance (end of period)		$ 432,232	$ 418,086	$ 380,998	$ 389,674	$ 276,866	$ 376,779	$ 261,155	$ 374,523	$ 260,427	$ 277,844	$ 219,807	$ 309,048	$ 189,222	$ 278,066	$ 135,557	$ 285,725	$ 91,173	$ 265,830	$ 91,173	$ 265,830	$ 174,656

Represented by Bank Balances:

	Actual Week 1	Actual Week 2	Actual Week 3	Actual Week 4	Actual Week 5	Actual Week 6	Actual Week 7	Actual Week 8	Actual Week 9
33330 CIBC Account (#21310)	93,603	61,311	47,816	39,217	60,139	43,413	23,458	22,750	19,123
33330 CIBC Account (#14519)	11,901	15,781	16,381	29,183	3,084	5,429	5,716	21,033	4,903
825 CIB Account (#21817)	93,307	93,307	93,307	93,307	93,300	90,675	90,675	90,675	90,536
Affinity Credit Union Account	389	389	389	389	309	48,519	48,519	48,439	48,440
Pillar Capital DIP Facility - McDougall Gauley LLP (In Trust)	218,886	218,886	218,886	212,427	121,012	121,012	109,697	102,827	102,827
Total Cash Per Bank	418,086	389,674	376,779	374,523	277,844	309,048	278,066	285,725	265,830

Summary of Notes and Assumptions

(1) Estimated rental revenues for existing dormitory rentals.
(2) GST collections are based on 5% of rental and janitorial income.
(3) Janitorial revenue is based on monthly payments under a long term contract.
(4) Prince Albert Condo revenue is based on a monthly rental agreement.
(5) Parking revenue is based on monthly parking contracts/usage.
(6) Rental revenue is based on long term and monthly tenancy agreements.
(7) Estimated survey costs required prior to commencing the rezoning process.
(8) Estimated land rezoning costs based on quote from Stantec Consultants. Approximately $169,000 to be incurred over 6 months.
(9) Estimated costs associated with ground water assessments on the 825 Land.
(10) Estimated costs associated with the surveying of the 825 Land. Necessary offsite levies will be assessed and determined at a later date.
(11) Estimated costs associated with the engagement of an Owner's Representative to assist with facilitation of the 825 Land development.
(12) Estimated costs associated with HVAC and rooftop repairs.
(13) Estimated costs associated with the engagement of a property manager / agent to assist with attracting events and new tenants.
(14) Operating expenses are based on historical operations and actual first quarter (2016) results. Disbursements exclude any deposits that could be required by the various service providers in order to continue servicing 101133330 Saskatchewan Ltd.
(15) Estimated costs to engage a bookkeeper to assist with financial statement preparation and reporting.
(16) GST remittance is net of GST collected and GST paid to suppliers.
(17) Estimated based on expenses already incurred and future expenses pertaining to professional services to be provided with respect to the June 13, 2016 extension hearing and ongoing monitoring and plan development.
(18) In accordance with the DIP Facility Agreement, a $500 monthly monitoring fee is payable on the last day of each calendar month.
(19) In accordance with the DIP Facility Agreement, the interest rate charged on the DIP Facility is 1.25% per month (15% per annum) on the balance outstanding. The entire $500,000 DIP Facility (net of Facility Fee) was advanced to the Applicants on June 2, 2016.

Exhibit C – Updated Cash Flow Statement for the period August 8, 2016 to January 1, 2017

101133330 SASKATCHEWAN LTD. AND 101149825 SASKATCHEWAN LTD.
21-Week Cash Flow Projections
August 8, 2016 through January 1, 2017

		Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13	Week 14	Week 15	Week 16	Week 17	Week 18	Week 19	Week 20	Week 21	Total
Week Start	**Notes**	8-Aug-16	15-Aug-16	22-Aug-16	29-Aug-16	5-Sep-16	12-Sep-16	19-Sep-16	26-Sep-16	3-Oct-16	10-Oct-16	17-Oct-16	24-Oct-16	31-Oct-16	7-Nov-16	14-Nov-16	21-Nov-16	28-Nov-16	5-Dec-16	12-Dec-16	19-Dec-16	26-Dec-16	
Week End		14-Aug-16	21-Aug-16	28-Aug-16	4-Sep-16	11-Sep-16	18-Sep-16	25-Sep-16	2-Oct-16	9-Oct-16	16-Oct-16	23-Oct-16	30-Oct-16	6-Nov-16	13-Nov-16	20-Nov-16	27-Nov-16	4-Dec-16	11-Dec-16	18-Dec-16	25-Dec-16	1-Jan-17	
Receipts																							
Dormitory Rentals	(1)	$ -	$ -	$ -	$ 1,435	$ -	$ -	$ -	$ 1,435	$ -	$ -	$ -	$ -	$ 1,435	$ -	$ -	$ -	$ 1,435	$ -	$ -	$ -	$ 1,435	$ 7,175
GST Collections	(2)	2,646	-	-	1,662	2,646	-	-	1,662	-	2,646	-	-	-	2,646	-	-	-	2,646	-	-	-	16,553
Janitorial Income	(3)	7,000	-	-	-	7,000	-	-	-	-	7,000	-	-	-	7,000	-	-	-	7,000	-	-	-	35,000
Prince Albert Condo Income	(4)	-	-	-	2,300	-	-	-	2,300	-	-	-	-	2,300	-	-	-	2,300	-	-	-	2,300	11,500
Parking Income	(5)	-	-	-	550	-	-	-	550	-	-	-	-	550	-	-	-	550	-	-	-	550	2,750
Rental Income	(6)	53,514	-	-	30,235	45,914	-	-	30,235	-	45,914	-	17,542	12,692	45,914	-	-	30,234	45,914	-	-	30,234	388,343
Total Receipts		**63,160**	**-**	**-**	**36,181**	**55,560**	**-**	**-**	**36,181**	**-**	**55,560**	**-**	**17,542**	**16,977**	**55,560**	**-**	**-**	**34,519**	**55,560**	**-**	**-**	**34,519**	**461,320**
Disbursements																							
825 Development Costs																							
Dream Developments Pro Rata Cost Sharing	(7)	-	-	15,000	-	-	-	-	15,000	-	-	-	15,000	-	-	-	-	15,000	-	-	-	15,000	75,000
Owner's Representative	(8)	-	-	5,500	-	-	-	-	5,500	-	-	-	5,500	-	-	-	-	5,500	-	-	-	5,500	27,500
33330 Development Costs																							
Renovations and Repairs	(9)	-	-	-	-	55,000	-	-	-	55,000	-	-	-	-	55,000	-	-	-	10,000	-	-	-	175,000
Property Manager / Agent Costs	(10)	-	-	-	5,000	-	-	-	5,000	-	-	-	5,000	-	-	-	-	5,000	-	-	-	5,000	25,000
Subtotal		-	-	20,500	5,000	55,000	-	-	25,500	55,000	-	-	25,500	-	55,000	-	-	25,500	10,000	-	-	25,500	302,500
Operating Costs	(11)																						
Bank Service Charges		-	-	-	197	-	-	-	197	-	-	-	-	197	-	-	-	197	-	-	-	197	985
Bookkeeping	(12)	-	-	-	7,500	-	-	-	7,500	-	-	-	-	7,500	-	-	-	7,500	-	-	-	7,500	37,500
City Taxes (Orr Centre)		-	-	-	8,704	-	-	-	8,704	-	-	-	-	8,704	-	-	-	8,704	-	-	-	8,704	43,520
City Taxes (Prince Albert Condos)		469	-	-	469	-	-	-	469	-	-	-	-	469	-	-	-	469	-	-	-	469	2,814
Computer Internet		-	-	145	-	-	-	-	145	-	-	-	145	-	-	-	-	145	-	-	-	145	725
Event Staging		1,498	-	-	-	1,498	-	-	-	-	1,498	-		-	1,498	-	-	-	-	1,498	-	-	7,490
Garbage Disposal		-	-	-	171	-	-	-	171	-	-	-		171	-	-	-	171	-	-	-	171	855
GST Remittance	(13)	-	-	-	-	-	-	-	-	4,000	-	-	-	-	-	-	-	-	-	-	-	-	4,000
Insurance		-	1,800	-	4,500	-	1,800	-	4,500	-	1,800	-	-	4,500	-	1,800	-	4,500	-	1,800	-	4,500	31,500
Interest	(14)	-	-	-	-	-	-	-	-	-	-	-	-	28,000	-	-	-	28,000	-	-	-	28,000	84,000
Janitorial Supplies		-	-	-	859	-	-	-	859	-	-	-	859	-	-	-	-	859	-	-	-	859	4,295
Liquor Tax Remittance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,500	4,500
Maintenance & Repair		1,000	-	-	-	1,000	-	-	-	1,000	-	-	-	-	1,000	-	-	-	1,000	-	-	1,000	6,000
Office / Miscellaneous		463	463	-	463	463	463	463	463	463	463	463	463	463	463	463	463	463	463	463	463	463	9,255
Payroll		8,182	13,343	-	13,343	-	13,343	-	13,343	-	13,343	-	13,343	-	13,343	-	13,343	-	13,343	-	13,343	-	141,612
Payroll Deductions (CRA)		-	6,395	-	6,395	-	6,395	-	6,395	-	6,395	-	6,395	-	6,395	-	6,395	-	6,395	-	6,395	-	63,949
PST Remittance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,000	3,000
SaskEnergy		8,000	-	-	8,000	-	-	-	-	8,000	-	-	-	8,000	-	-	-	8,000	-	-	-	8,000	48,000
SaskPower		10,888	-	-	10,888	-	-	-	-	10,888	-	-	-	10,888	-	-	-	10,888	-	-	-	10,888	65,328
Security Contract		-	-	-	350	-	-	-	350	-	-	-	-	350	-	-	-	350	-	-	-	350	1,750
Snow Removal		-	-	-	-	-	-	-	7,500	-	-	-	-	7,500	-	-	-	7,500	-	-	-	7,500	30,000
Telephone		-	-	235	-	-	-	235	-	-	-	-	235	-	-	-	235	-	-	-	235	-	1,175
Television		-	621	-	-	-	621	-	-	-	621	-	-	-	-	-	621	-	-	-	621	-	3,105
Vehicle Expense		150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	3,150
Workers Compensation		-	-	-	-	2,300	-	-	-	2,300	-	-	-	2,300	-	-	-	2,300	-	-	-	2,300	11,500
Subtotal		30,649	22,772	530	61,988	5,411	22,772	848	50,746	26,801	24,270	613	21,590	79,192	22,849	2,413	21,207	80,196	21,351	3,911	21,207	88,696	610,009
Restructuring Costs																							
Professional Fees	(15)	40,000	50,000	25,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	25,000	30,000	5,000	5,000	5,000	250,000
DIP Charges																							
Monthly Monitoring Fee	(16)	-	-	-	500	-	-	-	500	-	-	-	-	500	-	-	-	500	-	-	-	500	2,500
Interest	(17)	-	-	-	6,250	-	-	-	6,250	-	-	-	-	6,250	-	-	-	6,250	-	-	-	6,250	31,250
Subtotal		40,000	50,000	25,000	11,750	5,000	5,000	5,000	11,750	5,000	5,000	5,000	5,000	11,750	5,000	5,000	5,000	31,750	30,000	5,000	5,000	11,750	283,750
Total Disbursements		**70,649**	**72,772**	**46,030**	**78,738**	**65,411**	**27,772**	**5,848**	**87,996**	**86,801**	**29,270**	**5,613**	**52,090**	**90,942**	**82,849**	**7,413**	**26,207**	**137,446**	**61,351**	**8,911**	**26,207**	**125,946**	**1,196,259**
Cash Surplus / (Deficit)		**$ (7,489)**	**$ (72,772)**	**$ (46,030)**	**$ (42,557)**	**$ (9,851)**	**$ (27,772)**	**$ (5,848)**	**$ (51,814)**	**$ (86,801)**	**$ 26,291**	**$ (5,613)**	**$ (34,548)**	**$ (73,965)**	**$ (27,289)**	**$ (7,413)**	**$ (26,207)**	**$ (102,927)**	**$ (5,791)**	**$ (8,911)**	**$ (26,207)**	**$ (91,427)**	**$ (734,938)**
Consolidated Cash Balance (beginning of period)		$ 265,830	$ 258,341	$ 185,569	$ 139,539	$ 96,982	$ 87,132	$ 59,360	$ 53,513	$ 1,699	$ (85,102)	$ (58,811)	$ (64,424)	$ (98,972)	$ (172,937)	$ (200,226)	$ (207,639)	$ (233,846)	$ (336,773)	$ (342,564)	$ (351,475)	$ (377,682)	$ 265,830
Consolidated Cash Balance (end of period)		$ 258,341	$ 185,569	$ 139,539	$ 96,982	$ 87,132	$ 59,360	$ 53,513	$ 1,699	$ (85,102)	$ (58,811)	$ (64,424)	$ (98,972)	$ (172,937)	$ (200,226)	$ (207,639)	$ (233,846)	$ (336,773)	$ (342,564)	$ (351,475)	$ (377,682)	$ (469,109)	$ (469,109)

Summary of Notes and Assumptions

(1) Estimated rental revenues for existing dormitory rentals.
(2) GST collections are based on 5% of rental and janitorial income.
(3) Janitorial revenue is based on monthly payments under a long term contract.
(4) Prince Albert Condo revenue is based on a monthly rental agreement.
(5) Parking revenue is based on monthly parking contracts/usage.
(6) Rental revenue is based on long term and monthly tenancy agreements.
(7) Estimated pro rata share of the development costs from partnering with Dream Development to complete the 825 Land rezoning. The Owner's Representative has advised that the timing of when these costs will be incurred is uncertain as the convention that has developed is that all parties ultimately pay for their proportionate share of these costs after the development services agreement has been signed and matters are proceeding towards construction.
(8) Estimated costs associated with the engagement of the Owner's Representative to assist with facilitation of the 825 Land development.
(9) Estimated costs associated with repairing six roof top heating and ventilation units and other roof repairs.
(10) Estimated costs associated with the engagement of a property manager / agent to assist with attracting events, new tenants, and managing the Orr Centre operations.
(11) Operating expenses are based on historical operations and actual year-to-date 2016 results. Disbursements exclude any deposits that could be required by the various service providers in order to continue servicing 101133330 Saskatchewan Ltd.
(12) Estimated costs to engage a bookkeeper to assist with financial statement preparation and reporting.
(13) GST remittance is net of GST collected and GST paid to suppliers.
(14) Represents interest payments being made to Firm Capital Mortgage Fund Inc. in accordance with the terms of the June 13, 2016 Forbearance Agreement.
(15) Estimated based on expenses already incurred and future expenses pertaining to professional services to be provided with respect to the August 17, 2016 extension hearing and ongoing monitoring and plan development.
(16) In accordance with the DIP Facility Agreement, a $500 monthly monitoring fee is payable on the last day of each calendar month.
(17) In accordance with the DIP Facility Agreement, the interest rate charged on the DIP Facility is 1.25% per month (15% per annum) on the balance outstanding. The entire $500,000 DIP Facility (net of Facility Fee) was advanced to the Applicants on June 2, 2016.

Exhibit D – July 25, 2016 Correspondence from McDougall Gauley LLP

McDOUGALL GAULEY LLP

REFER TO: IAN A. SUTHERLAND
DIRECT DIAL: (306) 665-5417
FAX NO.: (306) 652-1323
E-MAIL: isutherland@mcdougallgauley.com
OUR FILE NO: 524974.11
YOUR FILE NO: 942357

July 25, 2016

VIA EMAIL: bwarga@deloitte.ca

Deloitte Restructuring Inc.
2300, 360 Main Street
WINNIPEG, MB R3C 3Z3

Attention: Brent Warga

Dear Sir:

Re: 825 Land Updates

As you are aware, we have been working with North Ridge Developments Ltd. in its capacity as the owner's consultant with a view to ensure that the lands are developed, and the concomitant zoning is obtained, as efficiently and effectively as possible as that is clearly in the best interests of all of the stakeholders. The biggest single upfront planning cost is represented by the fees that will ultimately be charged by Stantec if its initial proposal is followed. After some investigation the owner's consultant determined that there is a more effective approach available and has already taken steps to confirm that it is a realistic and viable approach.

As you are also aware, the major landholder in the Willows is Dream Developments and there is already a Willows Concept Plan in existence. A number of meetings have taken place with representatives of Dream Developments and the owner's consultant has been able to convince Dream to agree to support and assist in implementing an application to amend the existing Willows Concept Plan to include the 825 Lands which would obviate the need to complete the sort of standalone plan contemplated by the Stantec proposal.

This is a very significant benefit to the Applicants in that none of the development costs that were contemplated to be paid to Stantec will need to be incurred on an upfront basis. It would be very beneficial in terms of cash flow but also constitutes a massive saving because rather than having to incur all of the development costs associated with its land upfront, the Applicants will only ultimately be liable for their pro rata share of the overall costs incurred by Dream. The pro rata share remains to be determined as it will be dependent somewhat upon the exact amount of Dream lands to be developed but it will likely be in the range of 15-25% which would lead to a corresponding range of approximately $30,000 to $50,000.

The steps that need to be completed are similar but the scope has been narrowed. There are other collateral benefits including:

1. There is virtually no doubt that the zoning application and subsequent execution of a Development Services Agreement will proceed as the City of Saskatoon has been

canvassed and indicated that this approach is preferable from its perspective and it is prepared to support it;

2. The previous proposal required the consent of other landowners and this does not as we are dealing with an amendment to an existing plan as opposed to an entirely new one;

3. By pursuing the approach recommended by North Ridge Developments, the Applicants will ultimately be joining an existing community as opposed to creating a new one. This is a very significant benefit both in terms of achieving the development goals and also subsequently marketing the property given the benefit of being directly associated with the Willows community; and

4. As indicated, the upfront planning costs are reduced to close to zero and the only ultimate liability is for very small proportionate share of the said costs.

The overall process will be significantly streamlined and simplified and the amendment to the concept plan will be submitted to the City some time in Q4 so that there are no additional delays anticipated.

There are a number of other aspects to this approach but they cannot all be disclosed at this point in time as they are the subject of ongoing negotiations. The bottom line is that given the involvement of North Ridge Developments and the fact that both Dream and the City of Saskatoon are in agreement with the proposed course of action the chances of successful process are very significantly enhanced and virtually all of the speculative elements are removed.

I hope this is the information that you require. Please advise if you have any additional questions or concerns at this point in time.

Yours truly,

MCDOUGALL GAULEY LLP

Per:

IAN A. SUTHERLAND
IAS/cgg