



**Third Report of
KSV Kofman Inc. as Trustee,
Receiver and Manager of certain property
of Station Point Developments Ltd.**

January 25, 2021

Contents		Page
1.0	Introduction.....	1
1.1	Purposes of this Report.....	2
1.2	Currency	2
1.3	Restrictions	2
2.0	Background	3
3.0	Sale Process	3
4.0	Property Management	4
4.1	Property Management Agreement	4
4.2	Recommendation	6
5.0	Conclusion and Recommendation	6
 Appendix		 Tab
	Summary of property management proposals	A
	Property Management Agreement dated November 16, 2020	B

COURT FILE NO: 1903-08169

COURT: COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE: EDMONTON

PLAINTIFF: FORTIS LGS STRUCTURES INC.

DEFENDANTS: STATION POINT DEVELOPMENTS LTD. AND
BCM DEVELOPMENTS LTD.

DOCUMENT: THIRD REPORT OF KSV RESTRUCTURING INC. AS
TRUSTEE AND RECEIVER AND MANAGER OF
CERTAIN PROPERTY OF
STATION POINT DEVELOPMENTS LTD.

DATE: JANUARY 25, 2021

**ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT**

**BENNETT JONES LLP
BARRISTERS AND SOLICITORS
3200 TELUS HOUSE
SOUTH TOWER, 10020 – 100TH STREET
EDMONTON, ALBERTA T5J 0N3
ATTENTION: KATHERINE FISHER AND SEAN ZWEIG
TELEPHONE NO.: (780) 917-4268 / (416) 777-6254
FAX NO.: (780) 421-7591**

1.0 Introduction

1. This report ("Report") is filed by KSV Restructuring Inc. ("KSV") in its capacity as trustee pursuant to the *Builders' Lien Act* and receiver and manager pursuant to the *Judicature Act* and the *Bankruptcy and Insolvency Act* (in such capacities, the "Receiver") of the real property municipally described as 403 Belvedere Gate NW, Edmonton (the "Real Property") owned by Station Point Developments Ltd. (the "Company") and the assets, undertaking and property relating to the Real Property (together with the Real Property, the "Property").
2. Pursuant to an application by KingSett Mortgage Corporation ("KingSett"), the Court of Queen's Bench of Alberta (the "Court") issued an order on June 18, 2019 (the "Receivership Order") appointing KSV¹ as Receiver.
3. The principal purpose of the receivership proceedings is to develop and construct two rental residential apartment buildings on the Real Property, each with 56 units and ground floor retail space (the "Project") so that recoveries can be maximized for the Company's stakeholders.

¹ 1 Effective August 30, 2020, KSV Kofman Inc. changed its name to KSV Restructuring Inc.

4. Construction on the Project is expected to be completed during February 2021. Once completed, the Receiver intends to lease the residential and commercial units.²
5. In connection with operating the building, on November 16, 2020, the Receiver entered into a Property Management Agreement (the “PMA”) pursuant to which Braden Equities Inc. (the “Agent”) was engaged as the property manager for the development.

1.1 Purposes of this Report

1. The purposes of this Report are to:
 - a) provide background information about the Company and these proceedings;
 - b) provide an update on the status of the Project;
 - c) summarize the terms of the PMA; and
 - d) recommend that the Court issue an order, among other things, approving the PMA.

1.2 Currency

1. All currency references in this Report are to Canadian dollars.

1.3 Restrictions

1. In preparing this Report, the Receiver has relied upon the Company’s books and records, materials provided by Altus Group Limited (“Altus”), the Project construction consultant retained by the Receiver, and discussions with its representatives and advisors. The Receiver has not audited, reviewed or otherwise verified the accuracy or completeness of the financial information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook.
2. The Receiver expresses no opinion or other form of assurance with respect to the financial and other information presented in this Report or relied upon by the Receiver in preparing this Report.
3. The financial information provided in this Report assumes that there are no further delays to the Project resulting from the COVID-19 pandemic. Due to the uncertainty related to the pandemic crisis, there is a risk of future delays completing the Project and those delays could result in increased Project costs. The delays and costs related to the pandemic cannot be estimated at this time.

² Lease agreements have already been entered into in respect of two of the commercial units.

2.0 Background

1. In or around 2012, BCM Developments Ltd. (“BCM”) entered into negotiations to purchase the Real Property from the City of Edmonton (the “City”) so that it could develop and construct the Project on the Real Property.
2. BCM purchased the Real Property from the City for \$3.64 million pursuant to an agreement of purchase and sale that closed January 11, 2015 (the “APS”). The City provided the Company with a vendor-take-back mortgage in the amount of approximately \$2.54 million in connection with the transaction. Prior to closing, the APS was assigned by BCM to the Company. At the commencement of these proceedings, approximately \$2.4 million was owing on the City’s mortgage. Interest and costs continue to accrue on the City’s mortgage.
3. The issues that caused the Company to be placed in receivership included: (i) significant cost overruns on the Project; (ii) the registration of builders’ liens against title to the Real Property; and (iii) a dispute between the Company and Fortis LGS Structures Inc., the Project’s prior general contractor.
4. Pursuant to an order of the Court issued on September 27, 2019, the Receiver entered into a contract with RMS Developments Inc. (“RMS”), a real estate contractor based in Edmonton, pursuant to which RMS was engaged as the construction manager to complete the Project.
5. RMS originally budgeted that total construction costs to complete the Project would be approximately \$9.5 million. Since that time, RMS and consultants retained by the Receiver, including Altus, identified significant deficiencies from construction work that was performed prior to the receivership. These issues have contributed to further delays and cost overruns. The most recent construction schedule provided by RMS forecasts that construction will be completed in February 2021.

3.0 Sale Process

1. In June 2020, the Receiver engaged Jones Lang LaSalle Incorporated (“JLL”) to list the Project for sale. In connection with the sale process, JLL prepared a teaser, confidential information memorandum and populated a virtual data room concerning the Project. JLL has sent the teaser to approximately 3,000 parties, including developers and apartment owners in Edmonton. The property is also listed on Multiple Listing Services for Edmonton. The sale process is ongoing.

4.0 Property Management

1. On June 23, 2020, the Receiver requested property management proposals from three local property managers. The deadline to provide the proposals was June 30, 2020. The Receiver requested that the proposals address, at a minimum, the following:
 - range of proposed services;
 - proposed fee structure;
 - summary of comparable projects managed in Edmonton;
 - description of proposed reporting to owner; and
 - client references.
2. Three property managers submitted proposals to the Receiver. A summary of the proposals received is attached as Appendix “A”. The Receiver and KingSett interviewed each of the property managers to obtain more information regarding their credentials. The Receiver, in consultation with KingSett, selected the Agent as the property manager. Pursuant to the PMA, the Receiver is required to obtain an Order, among other things, approving the PMA.

4.1 Property Management Agreement³

1. A copy of the PMA is attached as Appendix “B”.
2. It is customary that property managers require an indemnity from the building owner. However, receivers do not typically provide indemnities, and the Receiver is not prepared to provide one in this instance. In order to address the Agent’s concerns regarding the indemnity, a covenant was added to the PMA requiring the Receiver to seek an order from the Court (i) approving the PMA, (ii) confirming that the Agent shall have no liability to any person in connection with the PMA, except in the case of gross negligence or wilful misconduct, and (iii) permitting the Agent to file a caveat against the Real Property to secure payment of the Agent’s Fees, Disbursements and Taxes.
3. A summary of the other significant terms of the PMA is provided below.
 - a) **Property Manager:** Braden Equities Inc.
 - b) **Core Services:** collecting rents, following up with delinquent tenants, managing security deposits, paying operating expenses, inspecting the property regularly, arranging maintenance of property, preparing residential leases, administering tenant relations, preparing monthly and annual financial reports, preparing annual budgets and transferring cash balances to the Receiver on a monthly basis.

³ Terms not defined in this section have the meaning provided to them in the PMA.

- c) **Term:** the Initial Term is one year, commencing on the date which is thirty (30) days prior to the completion of construction of the buildings on the Real Property. The agreement will renew from year to year after the Initial Term upon the same terms and conditions unless the Receiver or the Agent gives written notice to the other party at least thirty (30) days prior to the expiry. Notwithstanding the foregoing, the agreement terminates under the following circumstances:
- i. the Receiver is entitled to terminate the agreement at any time, by giving the Agent not less than thirty (30) days written notice; and
 - ii. the agreement shall terminate automatically upon:
 - o the termination of the receivership; or
 - o the closing of the sale of the Property by the Receiver.

In the case of a termination pursuant to clause (ii) above, the Receiver shall give the Agent not less than thirty (30) days written notice.

d) **Management and Other Fees:**

	Fee
Management fee, residential units	Greater of: (i) 3.5% of gross receipts; and (ii) \$40/unit
Management fee, commercial units	Greater of: (i) 4% of gross receipts; and (ii) \$40/unit

In addition to management fees, the Agent is entitled to fees for, *inter alia*, managing construction and commercial lease renewals.

- e) **Termination Fee:** the Receiver agrees that it will not list or sell the Property without giving the Agent notice of its intention to sell or otherwise dispose of the Property. If the PMA is terminated with an effective termination date (the "Termination Date") that is prior to the expiry of the Initial Term, in addition to Agent's Fees to which it is entitled to the Termination Date, the Agent shall be entitled to a termination fee equal to two (2) months of its fees, which shall be calculated at the rate applicable to the two (2) months prior to the Termination Date.

4.2 Recommendation

1. The Receiver recommends that the Court issue an order approving the PMA for the following reasons:
 - a) the Receiver requires a property manager for the Project and the Receiver selected the Agent, which, in its opinion, provided the best proposal;
 - b) the Receiver believes the Agent has the credentials to provide the services under the PMA;
 - c) KingSett, the principal secured creditor, supports the retention of the Agent; and
 - d) it is not customary for a receiver to provide an indemnity as a receiver does not have an economic interest in the proceedings. The Agent has advised that it is not prepared to act as the property manager without a Court order confirming that the Receiver(?) will have no liability to any person in connection with the PMA, except in respect of its gross negligence or wilful misconduct.

5.0 Conclusion and Recommendation

1. Based on the foregoing, the Receiver respectfully recommends that this Honourable Court make an order granting the relief detailed in section 1.1(1)(d) of this Report.

* * *

All of which is respectfully submitted,

KSV Restructuring Inc.

**KSV RESTRUCUTIRNG INC.
IN ITS CAPACITY AS TRUSTEE AND COURT-APPOINTED RECEIVER AND MANAGER
OF CERTAIN ASSETS, UNDERTAKINGS AND PROPERTIES OF STATION POINT
DEVELOPMENTS LTD., AND NOT IN ITS PERSONAL CAPACITY**

Appendix “A”

Summary of property management proposals

	Proposal 1	Proposal 2	Braden Equities
Management Fees			
Residential Management	4% of gross revenues	3.5% of Net Revenue/month or a base of an agreed upon amount prior to full occupancy. Net Revenues exclude vacancies and rental incentives	3.5% of the gross receipts collected from the Property per month + GST or a minimum \$40/unit/month + GST, whichever is greater
Commercial Management	4% of gross revenues	3.5% of Net Revenue/month or a base of an agreed upon amount prior to full occupancy	4% of the gross receipts collected from the Property per month plus GST (billed to tenants under Braden's lease format)
Other Fees			
Setup Fee (one-time)	\$50 per unit (~\$6,000 for Station Point)	No set up fees	\$1,050.00 + GST
Advisory Fees and Post Accounting	\$250 per hour for services relating to disposition of asset	\$2,000 per month, available prior to engaging leasing and management services on any asset	8:00 a.m. to 4:30 p.m. Mon-Fri - \$75.00/hr After 4:30pm Mon-Fri - \$150/hr
Building Staff Expenses & Payroll Administration	Actual Costs for any building staff including but not limited to salaries, wages, benefits, recruitment costs, plus a payroll administration fee of 15% per pay period, plus applicable taxes	Actual payroll costs, no additional administration fees	Actual payroll costs, no additional administration fees
Building Staff Proposed	Resident Manager - Budget of \$60,000 salary Community Manager - Budget of \$45,000 salary Maintenance Technician - Budget of \$50,000 salary (all with market comparables provided)	Resident Manager - Budget not addressed Maintenance Technician - Budget not addressed	Resident Manager - \$2,500-\$3,000 / mth Short term staffing during rent up - \$20/hr
Building Office Requirements	100 to 150 square feet of office space equipped with 2 workstations, access to land lines for two (2) people and an internet connection. Fax/printer/scanner, file storage, etc. also required	1 unit as show suite/office – approx. 400 sq ft. Minimum with bathroom for employees	rental office if possible. If not possible, the Resident Manager can take rental applications, rental payments, out of a vacant display unit or the onsite Manager's unit
Capital Project Fee	A Capital Project Fee applied on projects with a minimum value of \$10,000 for a fee to be negotiated	10% over \$10,000 projects for unbudgeted or emergency circumstances	8% of hard construction costs + GST for the coordination of Landlord and Tenant improvement work and other capital work. Can be negotiated for larger projects. Includes costing, hiring and supervising of the various trades retained for major improvement programs to the Property or a large single capital improvement
Leasing Fees (Commercial only) Lease Document Fees (Commercial only); Leases, Lease Amending Agreement, Consent to Assignment, Consent to Sublease, Lease Surrender, Lease Termination, License Agreements, Other Services (credit checks etc.)	\$2,000 new tenant \$1,000 renewal or expansion or contractions \$500 rent deferral or rent abatement otherwise \$250 per hour	No additional fees	Residential - no additional fees Commercial renewal - 2% of gross if Braden negotiates, \$200 if owner negotiates Commercial new tenant - if Braden finds new tenant and there isn't another listing agent, fee is greater of 6% of gross rent over lease term or \$0.60/sq. ft.
Pre-Occupancy Services:	Proforma, Project Liaison, Service Contract Coordination - \$10,000	Advisory services available at \$2,000 per month prior to engaging leasing and management services	Arranging viewings - 8:30am - 4:30pm at \$75 / hr and OT at \$150 hr

Summary of property management proposals

	Proposal 1	Proposal 2	Braden Equities
Qualitative considerations			
Scope of Property Management Services	All operational responsibilities, supervise all operational staff including management, administration, leasing (in conjunction with leasing agent), maintenance, security, interior cleaning and maintenance, as well as property accounting personnel	Full resident servicing, Marketing and leasing programs, management of all maintenance, security, pest control, all financial reporting and rent collections,	Full service Property Management company including accounting, operations, maintenance, tenant relationship management, purchasing, budgeting
Pre-occupancy Services	Pre-Development Consulting with design team, architect, security; Establish budgets, Vendor management,	Market analysis, consulting with design, service contract review, operating budget preparation, branding, website design, technology consulting	showings, preparing applications, credit and reference checking, approvals / refusals of applications, collection of security deposits, and application fees, preparing move in reports and controlling parking and other regulations specific to the property
References	Two references provided	Two references provided	Two references provided
Technology	Proprietary communications platform which allows residents to file maintenance requests and receive instant alerts to their mobile	Tenant portal is an extension ERP of system,. Allows residents access to: stay current on any news and events, make online payments, view real-time statements and account balances, submit and view the status on maintenance and customer service requests, view their renewal options, view contact information for their community manager, electronically sign all documentation	Tenant portal for communication of maintenance items, mass notices, etc. (link to portal provided)
Market Differentiators	Proprietary technology, 24/7 Customer Care Centre available 365 days a year. lower rates and on a variety of products and services from collective buying power.	Managing multiple projects in very near proximity to SP, however, different customer base	Onsite Resident Managers rather than Area Managers, Hiring of professional Third-Party Contractors to perform all maintenance and renovation work (savings / speeds up work)
Advertising & Marketing	Proprietary marketing software that includes a dynamic marketing website, convenient self-service options and smart multichannel marketing tools.	Detailed list of advertising avenues including online and signage. Lead source tracking provided.	Will be advertised on minimum of 5 websites, lead sources will be tracked
Monthly Reporting Sample	Sample included BS, IS with budget comparables month and YTD, AP report, AR Report, Trial balance, GL, rent roll incl. security deposit listing,	Sample included BS, IS with budget and prior period comparables month and YTD, bank reconciliation, chq register, AP report, GL, rent roll, security deposit audit report, rental website traffic analytics report	Sample includes IS with budget comparables for month and YTD, BS, AR report, AP report, deposit listing, GL (as requested), Other specialty reports available
Rent up prediction	Stabilization estimated at 12-18 months	Stabilization achieved at 10 months	6-7 months depending on incentives offered

Appendix “B”



PROPERTY MANAGEMENT SERVICES AGREEMENT

THIS AGREEMENT entered into this 16th day of November, 2020

BETWEEN:

BRADEN EQUITIES INC.
(hereinafter referred to as the "Agent")

and

KSV RESTRUCTURING INC.
in its capacity as Court appointed receiver and manager and trustee of
Station Point Developments Ltd.
and not in its personal or corporate capacity
(hereinafter referred to as the "Owner")

For property described as: PLAN: 0924862 BLOCK: 2 LOT 1

SUBDIVISION: Belvedere

Located at: 403 and 407 Belvedere Gate, Edmonton, Alberta
(hereinafter referred to as the "Property")

Year end for the Property is: December 31

WHEREAS:

The buildings on the Property are in the final stage of construction. The anticipated completion date is on or before January 31, 2021. Such buildings are comprised of two high-rise buildings which will each contain 56 residential units (being 112 units in total) (the "Residential Units") and approximately 20,000 square feet of rentable area of commercial space on the ground floor thereof (the "Commercial Space").

The Owner and the Agent have agreed that the Agent will provide property management services for the Property as hereafter provided.

Therefore, in consideration of the covenants herein contained: THE AGENT AND THE OWNER agree as follows:

1. The Owner hereby retains and appoints the Agent as the Owner's sole and exclusive property manager (and to the extent set out in this Agreement, appoints the Agent as agent and representative) to manage and administer the Property upon the terms and conditions herein contained, and the Agent hereby accepts such retainer and appointment. The Owner and the Agent each agree and acknowledge that this Agreement does not establish a relationship of general agency by the Agent for the Owner, but one in which the Agent is engaged as an independent contractor, and in that respect has only a limited agency and the obligations as specifically set forth in this Agreement.

2. The Agent agrees that, during the term of this Agreement, including any renewals hereof, the Agent shall, as a prudent property manager, on behalf of the Owner, and in a proper, efficient and business-like manner, at the Owner's expense, manage and administer the Property upon the terms and conditions herein contained and, in furtherance thereof, perform those services contemplated in this Agreement including, without limitation, those services set forth in Schedule B (collectively, the "Services"). Where the context requires, the items in Schedule B shall be obligations of the Agent. The Agent shall be entitled to only such management office at the Property as shall be designated by the Owner from time to time. The Agent shall not disadvantage the Property in favour of any other property owned or managed by the Agent or any of its affiliates. Prior to the Commencement Date (as hereafter defined) the Agent shall provide to the Owner a list of properties which (i) are owned or managed by it, (ii) are located

Initials

within two (2) kilometers of the boundaries of the Property, and (iii) compete with the Property. The Agent shall keep such list updated from time to time. The Agent hereby represents and warrants that it is duly licensed (if required) with respect to the Services. At all times during the term of this Agreement and any renewals thereof it shall comply with all applicable laws.

3. In consideration for the Services to be rendered by the Agent to the Owner pursuant to the terms of this Agreement, the Owner agrees to pay the Agent those fees set forth in the fee schedule attached hereto as Schedule A (the "Agent's Fees").

The Agent shall be entitled to (i) deduct from the Gross Receipts (as hereafter defined), on a monthly basis, the Agent's Fees, and (ii) pay out of the General Account (as defined in Section 5) all expenses for the Property which the Agent is, by the terms of this Agreement, obligated and authorized to pay. Such expenses include:

- (a) all legal fees and fees owing to leasing agents, space planners, servicemen, engineers, contractors, material suppliers and other third parties whose services are deemed necessary by the Agent, acting reasonably, provided same have been incurred in accordance with the Approved Budget (as defined in Section 16(b)) or otherwise with the express written approval of the Owner (collectively, "Disbursements"); and
- (b) any business transfer tax, value added tax, multi-stage sales tax, sales tax, goods and services tax, or any like tax incurred in connection with the items referred to in Section 3(a), above (collectively, "Taxes").

"Gross Receipts" means all income actually collected for the benefit of the Owner from the Property (including all income derived from rental of space in the Property or provision of services to tenants) except:

- (i) security deposits (unless such deposits have been applied as rental income upon termination of a lease), utility deposits or other refundable sums;
- (ii) intentionally deleted;
- (iii) with respect to tenants of the Commercial Space: termination payments received from tenants, loan repayments by tenants, reimbursement by tenants of unamortized tenant improvements, litigation settlements and lost rent insurance payments; and
- (iv) any interest income.

For the sake of clarity, Gross Receipts do not include (i) insurance proceeds received as a result of damage to or destruction of the Property, (ii) proceeds of sale or expropriation, or (iii) any sales or value added tax on rents (including, without limitation, GST).

The Agent shall not be entitled to any fee or to any reimbursement of expense incurred except as expressly provided in this Agreement.

4. In addition to the Agent's Fees, in consideration for the added administration costs incurred, and time spent, by the Agent in dealing with defaulting tenants, it has the right to charge and collect, from defaulting tenants, for its own account, such administration fees and charges as are payable by such defaulting tenants pursuant to their respective leases in respect of defaults by them including the following: late rent charges, non-negotiable returned item charges, sub-leasing charges and re-rental charges, but excluding interest on rent in arrears.

5. The Agent shall open and maintain during the term of this Agreement two (2) separate accounts for the Property (collectively, the "Property Accounts") as follows:

- (a) a "general" account (the "General Account"); and
- (b) a "trust" account (the "Trust Account").

The Agent shall deposit all revenues received by it with respect to the Property ("Revenues"), including, without limitation, all payments on account of rental, tenant reimbursables, insurance proceeds and capital proceeds and any other receipts or amounts whatsoever received by it with respect to the Property, and all advances made by the Owner with respect to the Property, in the Property Accounts in accordance with the following:

Subject to the provisions of this Agreement, the Agent shall pay all costs and expenses of the Property which it, by the terms of this Agreement is obligated and authorized to pay, from the General Account. The Property Accounts shall be at one of

Initials


the five (5) largest (by market capitalization) Schedule 1 Canadian chartered banks or, at the Agent's option, at ATB Financial (formerly Alberta Treasury Branches) (in each case, the "Bank"). The Agent shall inform the Bank in writing that the funds in the Property Accounts are held in trust for the Owner, and the Agent shall cause the name of the Property Accounts in the Bank's records to include the words "in trust for KSV Restructuring Inc." or words to that effect. The Agent shall give written notice to the Owner of the branch location and account numbers for the Property Accounts. The Agent shall not effect any changes to the Property Accounts without the Owner's prior written approval. The Agent shall not deposit funds from any other source whatsoever in the Property Accounts, whether from any other property owned or managed by it or the Agent's own funds. The Agent shall deposit all:

- (i) Revenues, other than security deposits and prepaid rent, into the General Account;
- (ii) security deposits and prepaid rents from tenants of the Property into the Trust Account.

6. All expenses for the care, management or administration of the Property shall be paid from the General Account. The Agent shall not advance any of its own money for the care, management or administration of the Property, and the Owner agrees to advance all monies necessary for the care, management or administration of the Property. For the foregoing purpose, if the Agent considers there to be insufficient funds in the General Account to meet upcoming expenses for the Property, it shall give the Owner written notice thereof and the Owner shall advance the necessary funds within four (4) business days.

7. Intentionally deleted.

8. The Agent will not (i) incur any single expense in excess of \$1,500.00, or (ii) enter into any contract with respect to the Property which has an aggregate annual cost or liability to the Owner in excess of \$1,500.00 and unless such contract can be terminated by the Owner on thirty (30) days written notice to the other contracting party, in each case without the Owner's prior written approval, except in the case of emergency (in which case the Agent shall immediately notify the Owner thereof in writing), and except where such expenditure or contract is included in the Approved Budget (provided that with respect to any such contract which is approved by the Owner pursuant to an Approved Budget, such Approved Budget shall include sufficient details thereof to give the Owner a full understanding of the liability resulting therefrom including, without limitation, the length of the term thereof). The Agent shall report monthly to the Owner with respect to any remedy it commences against any tenant of the Residential Units (whether commencing action, termination, or otherwise). The Agent shall not commence any remedy against any tenant of the Commercial Space (whether commencing action, termination, distraint or otherwise) without the Owner's prior written approval.

9. Intentionally deleted.

10. All employees of the Agent (excluding site managers and service personnel) who handle or are responsible for the safekeeping of any moneys of the Owner are to be covered by a fidelity bond at the expense of the Agent. All personnel who perform the Services shall be employees of the Agent including, without limitation, the site managers and other site personnel, who shall insure them against theft and other liability concerns. Prior to the Commencement Date the Agent shall provide to the Owner a list of the names of all personnel who will perform the Services (including the names of all off-site personnel) together with all relevant information thereon including, without limitation, their type and length of experience with respect to the Services. In addition, with respect to any employee, the employment costs of whom will be borne, in whole or in part, by the Owner, the Agent shall provide to the Owner the length of his/her employment with the Agent and details of his/her compensation package. The Agent shall provide that information to the Owner with respect to any new employee (that is, after the Commencement Date). No person shall perform any of the Services unless he/she has received the prior written approval of the Owner, acting reasonably.

11. The term of this Agreement shall be one (1) year (the "Initial Term"), commencing on that date which is thirty (30) days prior to the completion of construction of the buildings on the Property (the "Commencement Date"). The Owner anticipates that the Commencement Date will be between January 1, 2021 and February 28, 2021. The Owner shall give the Agent not less than thirty (30) days written notice of the Commencement Date. The term of this Agreement shall renew from year to year after the Initial Term upon the same terms and conditions as contained in this Agreement (each such year after the Initial Term being called a "Renewal Term"), unless either party gives written notice to the other party at least thirty (30) days prior to the expiry of the Initial Term or any Renewal Term, as applicable, that the term of this Agreement shall not be renewed. If such notice has not been given by such date, this Agreement shall be automatically renewed on the same terms as contained in this Agreement, including this renewal clause. Notwithstanding the foregoing, (i) the Owner shall be entitled to terminate this Agreement at any time, whether during the Initial Term or thereafter, by giving the Agent not less than thirty (30) days written notice thereof, and (ii) this Agreement shall terminate automatically upon (A) the termination of the Owner's appointment as receiver and manager and trustee of Station Point Developments Ltd., or (B) the closing of the sale of the Property by the Owner (the foregoing shall apply *mutatis mutandis* to any partial sale of the Property); in the case of a termination pursuant to this clause (ii), the Owner shall give the Agent not less than thirty (30) days written notice thereof.

Initials


12. The Agent shall not provide financial or other information respecting the Property or the Owner to anyone except the Owner or its accountant, without written consent of the Owner. The Owner shall be entitled at any time, but on reasonable written notice, to review the records of the Agent with respect to its management of the Property.

13. The Owner agrees that it will not list or sell the Property without giving the Agent notice of its intention to sell or otherwise dispose of the Property. If this Agreement is terminated with an effective termination date (the "Termination Date") that is prior to the expiry of the Initial Term, in addition to Agent's Fees to which it is entitled to the Termination Date, the Agent shall be entitled to a termination fee equal to two (2) months Agent's Fees, which shall be calculated at the rate applicable to the two (2) months prior to the Termination Date.

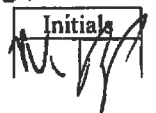
14. It shall be the sole responsibility of the Owner to insure or keep insured, at the expense of the Owner, the Property against such insurable perils and risks, and in such amounts and with such agents and companies as in its discretion is deemed necessary. Without limiting the generality of the foregoing, the Owner shall maintain the following coverages:

- (a) commercial general liability insurance on the Property of not less than Five Million Dollars (\$5,000,000.00) for bodily injury claims and Five Million Dollars (\$5,000,000.00) for property damage claims. The Owner undertakes to ensure that the Agent is named as an additional insured arising out of the operations of the Agent with respect to the Services; and
- (b) such insurance for replacement coverage against loss or damage to which the Property is exposed or may become exposed including, without limiting the generality of the foregoing, insurance against physical damage to the Property.

The Agent shall be shown as an additional insured on the Owner's aforesaid insurance policy.

15. The Owner agrees:

- (a) that the Agent shall not be responsible for or liable to the Owner for any error in judgement or for any mistake in fact or law or for anything which the Agent may do or refrain from doing hereunder, except in the event of the gross negligence or wilful misconduct of the Agent or those for whom it is in law responsible or breach of this Agreement by the Agent;
- (b) that, as between the Owner and the Agent, all employment costs associated with persons employed on site in connection with provision of the Services are deemed to be costs of the Owner, provided that (i) if any such on-site employee performs services for the Property and any other property, the employment costs for such on-site employee shall be prorated between the Property and such other property(ies) on a time spent basis, and (ii) all severance costs for such on-site employee shall be prorated between the length of his/her service at the Property and his/her prior service/employment with the Agent; without limiting the generality of any other provision of this Agreement, the Agent shall not agree to any severance costs (in excess of any severance required by applicable employment legislation) without the Owner's prior written approval, acting reasonably;
- (c) to obtain an Order from the Court of Queen's Bench of Alberta on or before the Commencement Date (i) approving this Agreement, (ii) confirming that the Agent shall have no liability to any person in connection therewith except in respect of its gross negligence or wilful misconduct, and (iii) permitting the Agent to file a caveat against the Property to secure payment of the Agent's Fees, Disbursements and Taxes to the Agent, which Order shall be in form and substance acceptable to the Agent, acting reasonably;
- (d) that in the event that any federal, provincial, municipal or other authorized agency, authority or department shall order the repair, alteration or removal of any structure or require the doing of any other work concerning the Property and if, after written notice of such order to the Owner by such body or by the Agent, the Owner fails to authorize the Agent or others to make such repairs, alterations or removal or the doing of such other acts as may be necessary in the circumstances, the Agent shall be released from any responsibility in connection therewith and the Owner shall be answerable to such body for any and all penalties, fines and claims whatsoever imposed or levied as a result of such failure on the Owner's part;
- (e) the Agent does not assume and is given no responsibility for compliance of the Property or any part thereof or any equipment located on or in the Property with the requirements of any statute, ordinance, law or regulation of any governmental body or of any public authority or official thereof having jurisdiction, but if it becomes aware of any non-compliance therewith it shall use reasonable commercial efforts to ensure such compliance and it shall notify the Owner promptly in writing or forward to the Owner promptly any complaints, warnings, notices or

Initials


summonses received by the Agent relating to such matters; the Owner represents that, so far as it is aware, but without investigation, the Property and such equipment comply with all such requirements.

16. The Agent agrees:

- (a) to give the Owner the benefit of all incentives and benefits from insurers, contractors, supplies, trades and personnel that are engaged in work on Property; for clarity, the Agent shall not accept any compensation, benefit or other consideration whatsoever from any tenant of the Property or from any person performing services or supplying materials for or to the Property or who proposes to so perform or supply;
- (b) to prepare and deliver to the Owner, on or before the Commencement Date, an initial budget for the operation of the Property for the period from Commencement Date to the following December 31, and thereafter from year to year to prepare and deliver to the Owner, on or before December 1 in each year, a budget for the operation of the Property for each ensuing calendar year; upon the Owner approving in writing any such budget, it shall be an "Approved Budget";
- (c) of each calendar year and, once approved by the Owner, to use commercially reasonable efforts to achieve the income and expense targets set forth in such budget.

17. This Agreement may be terminated prior to expiration of the Initial Term or any renewal term, as applicable:

- (a) by either party (the "Non-Defaulting Party"), immediately upon written notice to the other party (the "Defaulting Party"):
 - (i) in the event of material breach of this Agreement by the Defaulting Party which is not remedied within ten (10) business days following receipt of written notice from the Non-Defaulting Party setting forth such breach;
 - (ii) if a receiver (unless the receivership order is vacated in thirty (30) days), trustee or bankruptcy or any other similar officer (unless such person's appointment is vacated in thirty (30) days) is appointed to take charge of all or any substantial part of the Defaulting Party's business or property;
 - (iii) if the Defaulting Party becomes insolvent or commits an act of bankruptcy under any governing laws;
 - (iv) if a petition is filed or any other action is taken with respect to the Defaulting Party for reorganization or arrangement under any governing laws;
 - (v) if any application or petition or certificate or order is made or granted for the winding up or dissolution of the Defaulting Party, voluntarily or otherwise; or
 - (vi) if the other Defaulting Party assigns this Agreement without the prior written consent required under this Agreement;
- (b) by the Agent, immediately upon the failure of the Owner to authorize any work required to maintain minimum health and safety or other standards required by applicable law;
- (c) upon the mutual written agreement of the Owner and the Agent.

18. Upon termination of this Agreement, the Owner will continue to be responsible for and shall pay to the Agent any sums of money due to the Agent pursuant to this Agreement for services provided or actions taken by the Agent prior to termination. All provisions of this Agreement which require the Owner to have insured, defend, indemnify or reimburse the Agent shall survive any termination, and if the Agent is or becomes involved in any proceeding or litigation by reason of having been the property manager of the Property, such provisions shall apply as if this Agreement were still in effect.

19. Upon termination of this Agreement, the Agent shall, as soon as reasonably possible, (i) render to the Owner a final statement of income received and disbursements made by the Agent for the account of the Owner and relating to the Property, (ii) pay over any balance in the Property Accounts (less, from the General Account, any amounts owing to the Agent pursuant to this Agreement and any amounts necessary to satisfy obligations to others incurred by the Agent for the Owner prior to the date of termination, provided such obligations were incurred in accordance with the provisions of this Agreement), and (iii) deliver to the

Initials


Owner all records relating to the Property which are then available. As soon as reasonably possible thereafter the Agent shall deliver to the Owner all other records relating to the Property which subsequently become available.

20. Any notice required to be given herein by the Owner or the Agent to the other shall be deemed sufficiently given if in writing and delivered, mailed by prepaid registered mail or sent by fax to such other. The parties' addresses for such purpose are as follows:

Owner:

KSV Restructuring Inc.
150 King Street West
Suite 2308, Box 42
Toronto, Ontario
M5H 1J9

Fax - (416) 932-6266

Agent:

Braden Equities Inc.
10340 - 124 Street NW
Edmonton, Alberta
T5N 1R2

Fax - (780) 429-5937

In the event such notice is delivered or sent by fax, it shall be deemed to have been received at the time of delivery or sending by fax, as the case may be, and in the event such notice is mailed, it shall be deemed to have been received four (4) business days after the time of mailing. For the foregoing purpose, a "business day" is any day from Monday to Friday excluding statutory holidays in the Province of Alberta.

21. Wherever, the singular number or neuter gender is used in the agreement, the same shall be construed as including the plural and masculine and feminine respectively where the fact of context so required, and where there is more than one Owner, their covenants herein shall be deemed to be joint and several.

22. This Agreement constitutes the entire agreement between the parties hereto relating to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, negotiations and discussions, whether verbal or written, of the parties. There are no general, specific, implied or express warranties, representations, conditions or other agreements by or between the parties in connection with the entering into of this Agreement or the subject matter hereof except as specifically set forth herein.

23. No consent or waiver, express or implied, by either party to or of any breach or default by the other party in the performance by the other party of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance of obligations hereunder by such party hereunder. Failure on the part of either party to complain of any act or failure to act of the other party or to declare the other party in default, irrespective of how long such failure continues, shall not constitute a waiver by such party of its rights hereunder.

24. If any term, covenant or condition of this Agreement or the application thereof to any party or circumstance shall be invalid or unenforceable to any extent the remainder of this Agreement or application of such term, covenant or condition to a party or circumstance other than those to which it is held invalid or unenforceable shall not be affected thereby and each remaining term, covenant or condition of this Agreement shall be valid and shall be enforceable to the fullest extent permitted by law.

25. This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the parties hereto hereby submit to the jurisdiction of the Courts in the Province of Alberta.

26. This Agreement may not be assigned by the Owner without the written consent of the Agent first had and obtained, which consent may not be unreasonably or arbitrarily withheld. This Agreement may not be assigned by the Agent without the written consent of the Owner first had and obtained, which consent may be unreasonably or arbitrarily withheld. Any assignment contrary to the provisions hereof is null and void.

Initials


27. This Agreement shall enure to the benefit of and be binding upon the successors and assigns of the Agent and the successors and assigns of the Owner.

IN WITNESS WHERE OF, the parties hereto have affixed or caused to be affixed their respective signatures.

KSV RESTRUCTURING INC.

in its capacity as Court appointed receiver and manager and trustee of Station Point Developments Ltd. and not in its personal or corporate capacity

Raj Kashyap
Witness **RAJ KASHYAP**

Per:

Name

Title

BRADEN EQUITIES INC.

Per:

Name

Title

Michael Chaim
Witness

Initials
NYK

SCHEDULE A

FEES

Management Fee for Residential Units:

Three and one-half percent (3.5%) of the Gross Receipts collected in respect of the Residential Units plus GST or Forty Dollars (\$40.00) per Residential Unit per month plus GST, whichever is greater, paid monthly on the last day of each month during the term of this Agreement, including all renewal terms.

Management Fee for Commercial Space:

Four percent (4%) of the Gross Receipts collected in respect of the Commercial Space plus GST or Forty Dollars (\$40.00) per unit located in the Commercial Space plus GST, whichever is greater, paid monthly on the last day of each month during the term of this Agreement, including all renewal terms.

Project Management Fee:

Eight Percent (8%) of hard construction costs plus GST for the coordination of landlord and tenant improvement work and other capital work, to be calculated on a per project basis, payable as construction invoices are paid. The Project Management Fee includes costing, hiring and supervising of the various trades retained for major improvement programs to the Property or a large single capital improvement to the Property. For clarity, the Project Management Fee shall not be applicable to (i) the initial construction of the Property, which will be completed prior to the Commencement Date, (ii) work managed/coordinated by the Altus Group with respect to the Commercial Space, or (iii) minor repairs or work to tenant space such as painting and sanding of floors.

Residential Leasing Fees:

The Agent acknowledges that (i) the Owner is not appointing it as leasing agent for the initial lease-up of the Residential Units and that the Owner has appointed (or will be appointing) a third party (initially Intelligence House) as leasing agent for the initial lease-up of the Residential Units, (ii) it shall not be entitled to any fee whatsoever with respect to the initial lease-up of the Residential Units, and (iii) it will only become leasing agent for the Residential Units if and when it and the Owner enter into an agreement with respect thereto.

Commercial Leasing Fees:

The Agent acknowledges that (i) the Owner is not initially appointing it as leasing agent for the Commercial Space and that the Owner will be appointing a third party as leasing agent therefor (initially CBRE Limited or Jones Lang Lasalle), (ii) it shall not be entitled to any fee whatsoever with respect to leasing of the Commercial Space during any time it is not leasing agent for the Commercial Space. From and after the time that the Owner appoints the Agent as leasing agent for the Commercial Space it shall be entitled to leasing fees as follows:

To the extent that lease renewals and new leases are negotiated and completed by a representative of the Agent at the request of the Owner, the following fee schedule shall apply:

- Lease renewals: Two Percent (2%) of gross rents to be paid under the lease renewal plus GST where the Agent negotiates the renewal lease; or
- New leases where the Agent introduces the tenant to the Property while the Property is not listed with another agent: the greater of Six Percent (6%) of the net rent to be achieved over the initial term of the lease plus GST and Sixty Cents (\$0.60) per sq. ft. of rentable area of the space plus GST.

Account Set-Up Fee:

One-time fee of One Thousand Fifty Dollars (\$1,050.00) plus GST.

Insured Losses:

Unless any services are required in the case of an emergency, the Agent shall not be entitled to any fee in this category unless (i) the Owner requests the Agent to perform services with respect thereto, and (ii) the parties reach agreement in advance on the amount of such fee.

Initials


Includes supervision and administration of insured losses, major loss events that may involve the relocation and coordination of tenants and the ongoing management of the Property.

Provided at an additional fee based on the Agent's Standard Hourly Rates listed below.

Other Fees

The Agent shall not be entitled to any fee in respect of any of the following categories unless (i) the Owner requests the Agent to perform services with respect thereto, and (ii) the parties reach agreement in advance on the amount of such fee.

- The Owner shall pay the Agent an additional fee, based on the Agent's Standard Hourly Rates listed below, with respect to time spent by the Agent in the administration of any issues arising from any Municipal Health Authorities, Fire Marshalls or major pest infestations that impact on the normal day-to-day management of the Property.

- In the event the mortgagee of the Property or any other person requires the Owner to provide financial disclosure respecting the Property, the Agent, if requested by the Owner, will arrange for such financial disclosure, at Owner's expense. The Agent shall be entitled to charge a fee based on the Agent's Standard Hourly Rates listed below. Except as aforesaid, the Agent shall not be entitled to any fee in connection with any financing or refinancing of the Property.

- In the event the Property is listed for sale, the Owner shall pay the Agent a fee, based on the Agent's Standard Hourly Rates listed below, with respect to time spent arranging viewings for prospective purchasers of the Property. Except as aforesaid, the Agent shall not be entitled to any fee in connection with any sale of the Property.

Agent's Standard Hourly Rates:

Agent's standard hourly rate for services are as follows:

- between the hours of 8:00 a.m. to 4:30 p.m. Monday to Friday, \$75.00 per hour;
- after 4:30 p.m. Monday to Friday, \$150.00 per hour;

Initials
MB/4

SCHEDULE B

CORE SERVICES

In addition to the services contemplated in the pages of this Agreement prior to Schedule A, the Services shall include:

- Systematic collection of rents, laundry revenue and follow up on delinquent tenants
- Collection and recording of security deposits and processing and payment of security deposit refunds
- Payment of operating expenses
- The negotiating of rentals for the Residential Units (that is, if and when the Owner appoints the Agent as leasing agent therefor); the amount of asking and agreed upon rentals shall be subject to the Owner's prior written approval
- Preparing and negotiating residential leases (the forms for all lease documentation, including offers to lease (if any), shall be subject to the Owner's prior written approval). The Agent will not be involved in the preparation and negotiation of commercial leases
- After initial lease-up, endeavour to market the Residential Units for lease
- Payroll administration
- Workers compensation assessment and claims administration
- Maintenance and update of property records
- Maintenance of tenant records including, without limitation, those required to comply with all laws and regulations, and any necessary filings related thereto
- Processing rental increases
- Provide regular inspection and supervision of the Property
- Hire, train and supervise the on-site personnel
- Establish lease rates and adjust to market conditions (subject to the Owner's written approval)
- Prepare annual operating budgets
- Implement preventative maintenance programs
- Negotiate and arrange specialized maintenance contracts and approve maintenance and other expenditures
- Arrange purchase of supplies and equipment and determine type and quantity of items to be purchased
- Monitor energy conservation practices
- Determine nature and amount of advertising required, media to be used, type and locations of signs
- Administer tenant relations
- Cooperate with and assist the Owner's leasing agents for the Property
- Execute, as agent of the Owner, all lease documents (including offers to lease and leases), provided the business terms thereof and the form of such lease documents have been approved by the Owner
- Report to the Owner with respect to any default by any tenant of the Property, whether residential or commercial (such reports with respect to residential tenants to be in the Agent's monthly reports and such reports with respect to commercial tenants to be as soon as the Agent becomes aware of the default)
- On or before the commencement of initial lease-up with respect to each tenant, collect and review insurance certificates from them, and follow up on any corrections required thereto; with respect to commercial tenants (but, for clarity, not residential tenants), the foregoing shall also apply to policy renewals and notices of cancellation received from their respective insurers
- Arrange for the repair and maintenance of the Property, as required from time to time
- Transfer all cash balances from the General Account (less any amount needed for upcoming expenses for the Property) to the Owner by the tenth (10th) day after the end of each month

The Owner acknowledges that it will prepare and file all necessary GST returns with respect to the Property, and pay all GST amounts owing with respect thereto.

REPORTS TO OWNERS (monthly and annually)

- | | |
|-------------------------------|--|
| - Project operating statement | - Accounts payable report |
| - Balance sheet | - General ledger as requested |
| - Accounts receivable report | - Please inquire about other specialty report capabilities |

The Agent shall submit the form of all reports and budgets to the Owner for its prior written approval, acting reasonably. All reports, both monthly and annually, shall be delivered to the Owner within seven (7) days of the end of the applicable reporting period. Reports and budgets for the Residential Units shall be separate from reports and budgets for the Commercial Space.

FORMS PROVIDED

- | | |
|--------------------------|---|
| - Notice to vacate forms | - Special notices |
| - Notice of entry forms | - Standard operating procedures for caretaker |

Initials


- Warning notices

- Miscellaneous notices and memos

The following specialty forms and cheques are prepared and comply with the Residential Tenancy Act and follow the Property. Therefore, these forms are at the cost of the Owner.

- *Rental application forms

- *Lease agreements

- *Condition and inspection report forms

- *Micro Toner and cheques

- Prepare "Sale Documents"

- Extra Ordinary Reporting Requests (i.e. Invoice copies, etc.)

Initials
M/G