

Vancouver

24-Jun-24

REGISTRY

No. S-237489

Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

**IN THE MATTER OF THE RECEIVERSHIP OF
QRD (WILLOUGHBY) HOLDINGS INC., QRD (WILLOUGHBY) LIMITED PARTNERSHIP,
AND QRD (WILLOUGHBY) GP INC.**

**PURSUANT TO SECTION 234(1) OF THE
BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985 c.B-3, AS AMENDED
AND SECTION 39 OF THE LAW AND EQUITY ACT, R.S.B.C. 1996 c.253 AS AMENDED**

Receiver's Third Report to Court

June 21, 2024

**IN THE MATTER OF THE RECEIVERSHIP OF
QRD (WILLOUGHBY) HOLDINGS INC., QRD (WILLOUGHBY) LIMITED PARTNERSHIP,
AND QRD (WILLOUGHBY) GP INC.**

Receiver's Third Report to Court

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I. INTRODUCTION AND PURPOSE

Background

1. On November 8, 2023, MNP Ltd. was appointed Receiver (the “**Receiver**”) of QRD (Willoughby) Holdings Inc., QRD (Willoughby) GP Inc., and QRD (Willoughby) Limited Partnership (collectively, “**QRD (Willoughby)**”) and/or the “**Companies**”) pursuant to an Order of the Supreme Court of British Columbia.
2. QRD (Willoughby) is part of Quarry Rock Developments, a private real estate developer based in Burnaby, B.C.
3. QRD (Willoughby) was constructing a three phase 87-unit townhome project named “The Willoughby” located in Langley, B.C. (the “**Project**”).
4. The Companies were unable to secure financing to complete construction of the Project due to delays with development approval, increased construction costs, and increased interest costs according to management. Active construction on the project ceased in approximately August 2023.
5. The Project consists of three phases:
 - i. Phase 1 – 34 units (“**Phase 1**”);
 - ii. Phase 2 – 23 units (“**Phase 2**”); and,
 - iii. Phase 3 – 30 units (“**Phase 3**”).
6. Phase 1 was under construction and consists of seven separate buildings (four to six units per building) with a combined 34 units. Construction of Phase 1 stalled in August of 2023. Phases 2 and 3 had not commenced construction of the units.
7. Each of the seven buildings in Phase 1 were at various stages of completion ranging from Building One estimated at 95% complete to Building Five and Building Seven estimated at 20% complete. Buildings Four to Seven were at framing stage and exposed to weather with no exterior cladding, windows and roofing when construction ceased.

8. The Project was financed by MCAP Financial Corporation, (“**MCAP**”), the first mortgagee owed approximately \$29.6 million at the time of the receivership, and Canadian Mortgage Servicing Corporation (“**CMSC**”), the second mortgagee owed approximately \$7.55 million at the time of the receivership.
9. In or about September 2023, Overland Capital Corporation and Wubs Investments Ltd. also registered mortgages on the Project for approximately \$10.5 million and \$4.5 million, respectively. The Receiver has not reviewed those mortgages or the underlying loan transactions. Those mortgages are both subordinate to the interests of MCAP and CMSC.
10. In addition, Steelcrest Construction Inc. (“**Steelcrest**”), the general contractor on the Project, filed a builder’s lien for \$2.82 million on October 3, 2023.
11. Steelcrest is disputing the validity and enforceability of the Overland Capital Corporation and Wubs Investments Ltd. mortgages.
12. MCAP made an application to appoint the Receiver due to concerns with construction having ceased, security, and winterization with the Receiver appointed on November 8, 2023.
13. On December 15, 2023, on application by the Receiver, the Court granted an Order (the “**Amended and Restated Receivership Order**”) increasing the Receiver’s borrowings from \$750,000 to \$2,209,000 to fund the winterization of Phase 1 units and complete the construction of Building One and Building Two, with consent of MCAP and CMSC.
14. The Receiver engaged Steelcrest to perform the agreed upon winterization scope of work to preserve and protect the existing construction value of Phase 1 of the Project. The winterization scope was substantially completed in January 2024.
15. The Receiver worked with Steelcrest, various consultants and representatives of the Township of Langley to complete construction of Building One and Building Two. The Township of Langley approved the final inspection for the Building One and Building Two units on March 27, 2024.

16. On April 4, 2024, on application by the Receiver, the Court granted an Order (the “**Marketing Order**”) authorizing the Receiver to list the Project for sale on an “as is, where is” basis for a 45-day marketing period (the “**Marketing Period**”). The Marketing Order also approved an increase in Receiver’s Borrowings from \$2,209,000 to \$2,384,000 to fund ongoing monthly site costs and professional fees for the Marketing Period.
17. The Receiver engaged Colliers Macaulay Nicolls Inc. (“**Colliers**”) to list the project for sale on an “as is, where is basis” for the Marketing Period commencing on April 24, 2024.
18. This is the Receiver’s Third Report and should be read in conjunction with its First and Second Report dated December 6, 2023, and April 4, 2024, respectively.

Purpose of report

19. This purpose of this report is to:
 - i. Provide the Court with a summary of the Receiver’s activities since its Second Report dated April 4, 2024;
 - ii. Provide the Court with an update on the results of sales and marketing activities during the Marketing Period.
 - iii. Request the Court’s approval for the sale of the Project; and
 - iv. Request an increase of Receiver’s Borrowings of \$205,000 from \$2,384,000 to \$2,589,000 to fund ongoing monthly site costs and professional fees.

II. UPDATE ON RECEIVER’S ACTIVITIES

20. The Receiver performed the following work since its Second Report:
 - i. Continued to oversee the protection and preservation of the Project including dealing with security, utilities, maintenance issues and requirements from the Township of Langley;

- ii. Attended the Project site on an ongoing basis and held meetings and discussions with:
 - a. Representatives of Steelcrest;
 - b. Consultants engaged on the Project to assess the status of deficiencies and ongoing maintenance;
 - c. Contractors to advise on costs and recommendations to resolve deficiencies and required ongoing maintenance; and
 - d. Representatives from the Township of Langley to assess status of the site and requirements under the development and building permits.
 - e. MCAP and Atrium on status of deficiencies and ongoing maintenance.

- iii. Managed the sales and marketing activities during the Marketing Period including:
 - a. Negotiated and executed of a listing agreement with Colliers;
 - b. Prepared a Form of Offer for use by potential purchasers;
 - c. Prepared due diligence materials for use in the data room;
 - d. Assisted with due diligence requests by potential purchasers;
 - e. Assisted with information requests with the Township of Langley;
 - f. Reviewed and negotiated the offers;
 - g. Ongoing discussions with Colliers, MCAP and CMSC regarding status of sales and marketing, interested parties and offers; and
 - h. Discussions and meetings with directors of QRD (Willoughby), MCAP and CMSC regarding potential alternative options for the Project during the Marketing Period.

III. SALES AND MARKETING

Marketing

- 21. The Marketing Period commenced on April 24, 2024, with Colliers.

- 22. Colliers detailed marketing letter detailing sales and marketing activities is attached as **Appendix A.**

23. Colliers marketing activities included:
- i. Creation of a custom brochure highlighting key features of the Project.
 - ii. Posting the Project on Colliers website achieving 483 exclusive views;
 - iii. Multiple marketing emails on the Project sent to 5,697 potential purchasers;
 - iv. Creation a Data Room with key information on the Project to facilitate due diligence;
 - v. Advertised Project in the Western Investor; and
 - vi. Direct communication through phone, e-mail and in-person meetings with over 100 prospective purchasers.
24. The Receiver is of the opinion that the Colliers marketing program has adequately exposed the Project to market and a wide range of potential purchasers.
25. Colliers continues to market the Project with marketing activities ongoing pending Court approval of the sale of the Project.

Results of Marketing Process

26. The results of Colliers marketing activities are as follows:
- i. 30 potential purchasers signed non-disclosure agreements and accessed the Data Room to conduct due diligence on the Project;
 - ii. 8 potential purchasers toured the site;
 - iii. 1 potential purchaser submitted a Letter of Intent; and
 - iv. 1 potential purchaser submitted an offer.

Redekop Offer

27. Redekop Ferrario Properties (DD) Corp. ("**Redekop**") submitted an unconditional offer (the "**Redekop Offer**") for \$34 million on May 30, 2024. The Receiver held discussions with both MCAP and CMSC, countered and ultimately both parties agreed to a purchase price of \$35 million on June 11, 2024 subject to Court approval.
28. A copy of the Redekop Offer is attached as **Appendix B**

29. The Receiver is of the opinion that, based on the marketing process conducted by Colliers, feedback from potential purchasers and ultimately Redekop being the only potential purchaser to submit an offer that the Redekop Offer represents fair market value for the Project and recommends the Court approve the Redekop Offer.
30. A number of other purchasers showed interest and conducted significant due diligence however declined to submit an offer. Competing offers at a higher purchase price may come forward at Court approval however there is no certainty this will occur. The Receiver is of the opinion, based both on its own experience and advice received from Colliers, that further marketing will not likely result in a higher net recovery for the senior lenders.

IV. ESTIMATED RECOVERY FOR SECURED CREDITORS

31. The Redekop Offer will result in \$35 million in sales proceeds (less commissions) to be paid to secured creditors based on their respective priorities. MCAP is the first ranking secured creditor.
32. The Receiver estimated that the MCAP debt, which includes advances made to date for Receiver's Borrowings, is approximately \$34.4 million, which amount includes the Letters of Credit of \$1,991,248 held by the Township of Langley on account of the Project.
33. A term of the Redekop Offer is that that Redekop will replace Letters of Credit.
34. The Letter of Credit, when replaced by the Redekop, will reduce the MCAP debt to approximately \$32.4 million not including (i) available Receiver's Borrowings that have not been drawn to date of \$175,000 and (ii) additional Receiver's Borrowings requested of \$205,000 to complete the administration, which combined total \$384,000.
35. Based on the Receiver's estimate MCAP will be paid in full with a surplus of \$1.68 million available for CMSC, the next ranking secured creditor.

36. The Receiver estimates CMSC is owed approximately \$8.3 million and will suffer a shortfall of approximately \$6.65 million.
37. Consequently, there will be no recovery for any other creditors, including Steelcrest, Overland Capital Corporation and Wubs Investments Ltd.
38. The Receiver's estimate of the recovery for secured creditors is summarized below:

	\$'s
Sale Proceeds	35,000,000
Less:	
Sale Commissions + GST	<u>(551,250)</u>
Net Sale Proceeds	<u>34,448,750</u>
Estimated amount due to MCAP ^{1,2}	32,385,710
Plus:	
Available Receiver's Borrowings	175,000
Additional Receiver's Borrowings	205,000
Estimated interest on Receiver's Borrowings	<u>6,154</u>
Total due to MCAP	<u>32,771,864</u>
Surplus after payment to MCAP	<u>1,676,886</u>
Estimated amount due to CMSC ¹	<u>8,330,837</u>
Shortfall to CMSC	<u>(6,653,950)</u>
Note 1	
Assumes transaction closes August 31, 2024	
All amounts includes estimated interest projected to August 31, 2024	
Note 2	
MCAP Debt includes: original loan amount, legal and other cost contingency , Letters of Credit and Receiver's Borrowings advanced to date of \$2,209,000.	
MCAP Debt	34,376,958
Less:	
Recovery - Letters of Credit	<u>(1,991,248)</u>
Estimated amount due to MCAP	<u>32,385,710</u>

V. RECEIVER'S INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

39. A copy of the Receiver's Interim Statement of Receipts and Disbursements for the period November 8, 2023, to June 15, 2024, is attached as **Appendix C** and is summarized below:

	\$'s
Receipts	
Advance from Secured Creditor	2,209,000
Refunds	207,514
Cash in Bank	24,928
Interest	5,167
	<u>2,446,609</u>
Disbursements	
Contractor costs	1,567,163
Insurance	206,501
Monthly site costs	120,934
GST paid	95,991
Receiver's fees and disbursements	85,243
Legal fees, PST and disbursements	75,025
Consultant fees	70,689
PST on Legal fees	5,191
Advertising and other misc.	3,989
	<u>2,230,725</u>
Excess Receipts over Disbursements	<u>215,884</u>

40. The Receiver holds \$215,884 in its account as at June 15, 2024, however the amount does not include available Receiver's Borrowings that have not been drawn to date and estimated accruals up to June 30, 2024 including unpaid professional fees.

VI. RECEIVER'S BORROWINGS

41. The Receiver's estimated remaining cash balance as of June 30, 2024, after taking into account available Receiver's borrowings that have not been drawn to date of \$175,000 and \$330,318 in estimated accruals up to June 30, 2024 including unpaid professional fees, is approximately \$60,566.
42. The Receiver continues to incur monthly site costs including, but not limited to, utilities, security, fence rental, insurance, site maintenance and inspections and professional fees.
43. The Receiver will continue to incur these costs up to the date of the completion of the sale the Project which is estimated to be in early September 2024.
44. A summary of the Receiver's cash balance and estimated costs to be incurred by the Receiver up to September 30, 2024 is summarized below:

	\$'s
Receiver's cash balance at June 15, 2024	215,884
Plus:	
Receiver's authorized borrowings to be advanced	175,000
Total cash available	<u>390,884</u>
Less:	
Estimated costs accrued and unpaid to June 30, 2024	
Professional fees	259,168
Monthly site costs	71,150
	<u>330,318</u>
Estimated cash at June 30, 2024	<u>60,566</u>
Less:	
Estimated costs from July 1 - September 30, 2024	
Professional fees	120,000
Monthly site costs	111,650
Contingency	33,000
	<u>264,650</u>
Required Receiver's Borrowings	<u>204,084</u>

45. The Receiver requires estimated additional funding of \$205,000 for the ongoing protection and preservation of the Project.


VII. RECOMMENDATIONS

46. Pursuant to the Marketing Order the Project has been marketed by Colliers for the 45-day Marketing Period and marketing efforts are ongoing.
47. The Receiver is of the opinion that the Colliers marketing program has adequately exposed the Project to market and potential purchasers who are capable of purchasing and completing the Project.
48. Based on feedback from potential purchasers and ultimately Redekop being the only potential purchaser to submit an offer, the Receiver believes that the Redekop Offer represents fair market value for the Project and recommends the Court approve the Redekop Offer.
49. The Receiver respectfully requests that the Court:
- i. approve of the Redekop Offer;
 - ii. approve the Receiver's activities to-date; and
 - iii. grant an increase of Receiver's Borrowings of \$205,000 from \$2,384,000 to \$2,589,000 to fund ongoing monthly site costs and professional fees.

MNP Ltd.

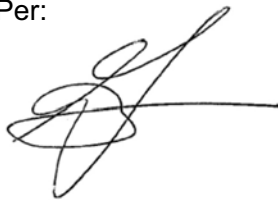
In its capacity as Receiver and Manager of QRD (Willoughby) Holdings Inc., QRD (Willoughby) Limited Partnership and QRD (Willoughby) GP Inc.

Per:



Mario Mainella, CPA, CA, CIRP

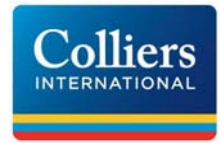
Per:



Gordon Brown, CPA, CA, CIRP

APPENDIX A

Collier's Marketing Update dated June 19, 2024



June 19th, 2024

Gordon Brown
MNP Ltd.
Suite 1630-609 Granville Street
Vancouver, BC V7Y 1E7

Dear Gordon,

RE: Listing & Marketing Update – 20335 70A Avenue, Langley, BC (“The Property”)

Marketing Update No. 5

We are pleased to provide the following marketing progress report regarding the potential sale of the above-noted property. Since the Listing Agreement was fully executed on April 22nd 2024, Colliers has prepared the marketing materials and started marketing the Property on **April 24th, 2024**.

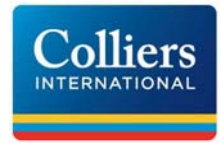
We believe the property has been adequately marketed and fully exposed through various marketing channels, personal presentations, and phone calls resulting in a no subject offer that is fair market value based on market feedback and offers received.

Colliers will continue to aggressively market the Property until the court date with the goal of receiving competing offers.

Marketing activities to date include:

- 1) **Professional Photography** - drone aerials and interior photos ordered to showcase the Property and location;
- 2) **Custom Brochure** was created to highlight the attributes and key selling features of the Property ([Click here for the brochure](#));
- 3) **Colliers Canada Web listing** – ID#2015163 – Published on April 24th, 2024 - to date the listing has 610 exclusive views; the listing has been pushed to a Premium Listing (this places the listing on the front of the Colliers Canada Property web page) ([Click here for the web listing](#));
- 4) **Custom E-blast** - Property was sent to 5,697 recipients and opened by 2,172 – there were two E-blasts, one in April and one in May;
- 5) **Data Room** – created with all relevant documents available – access is only available to those who have signed a Confidentiality Agreement (“CA”) - 30 parties have signed the CA and been given access so far ([Click here for the Data Room](#));
- 6) **Advertising: Print** – Western Investor advertisement in June 2024 issue;
- 7) **Direct Communication** through phone, e-mail and in-person meetings with prospective purchasers, we have personally contacted or met with over 100 parties.





Offer Accepted June 11th.

A "no subject" offer was received on May 30th from Redekop Ferrario Properties (DD) Corp. in the amount of \$34,000,000. Offer was countered on June 5th at \$38,000,000. Buyer countered at \$35,000,000 and Receiver Accepted on June 11th.

Phase 2 Marketing Plan Starting Immediately:

1. Competing bidders will have knowledge of the accepted offer price and terms;
2. Call all interested parties to advise of court bid date;
3. Colliers email blast announcing court bid date;
4. Commercial MLS blast announcing court bid date;
5. Targeting groups such as Intergulf, Vesta, Zenterra, Kennedy Development, Mosaic, Infinity, Kingdom Properties and West Fraser Development who are all logical buyers.

LOI Received

As discussed previously, on April 30th an LOI (for discussion purposes) was received from Vesta Properties Ltd.

Property Tours

Since May 9, 2024, 8 groups have formally toured the Property with Colliers, numerous additional groups have been to the Property but have not formally toured.

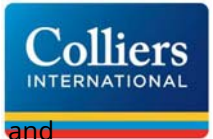
- Infinity Properties
- Mosaic
- Kennedy Development (Rakhra Family)
- Westmark
- Redekop Ferrario
- Kingdom Developments
- Intergulf Properties
- Newgen Group

Comments

There has been relatively strong interest in the Property with potential buyers doing due diligence on the Property and in particular the cost to complete Phase 1.

The Majority of the interest in the property has been from developers or builders that would purchase this property "as-is" and complete the building, there by taking on the cost risk to complete the building and then moving on to Phase 2 & 3.

The Property has seen consistent interest since April. There have been multiple parties that have expressed an interest and probably 10-15 parties that have done detailed due diligence as well as costing to complete the project.



Offers

The current accepted offer is from a well-known and respected company. The deposit structure and closing dates are within typical market parameters. Further, we believe it is very likely that there will be competing offers for Court. We strongly recommend submission of the offer to Court.

Yours truly,

A handwritten signature in black ink, appearing to read "Morgan Iannone", written over a horizontal line.

Morgan Iannone
Executive Vice President
Personal Real Estate Corporation

A handwritten signature in black ink, appearing to read "Casey Weeks", written in a cursive style.

Casey Weeks
Executive Vice President
Personal Real Estate Corporation

A handwritten signature in black ink, appearing to read "Bill Randall", written in a cursive style.

Bill Randall
Executive Vice President
Personal Real Estate Corporation



June 19, 2024

Marketing Report

The Willoughby - 20335 70A Avenue, Langley, BC

Prepared for: MNP Ltd.

Morgan Iannone

Personal Real Estate Corporation
Executive Vice President
+1 604 662 2654
Morgan.Iannone@colliers.com

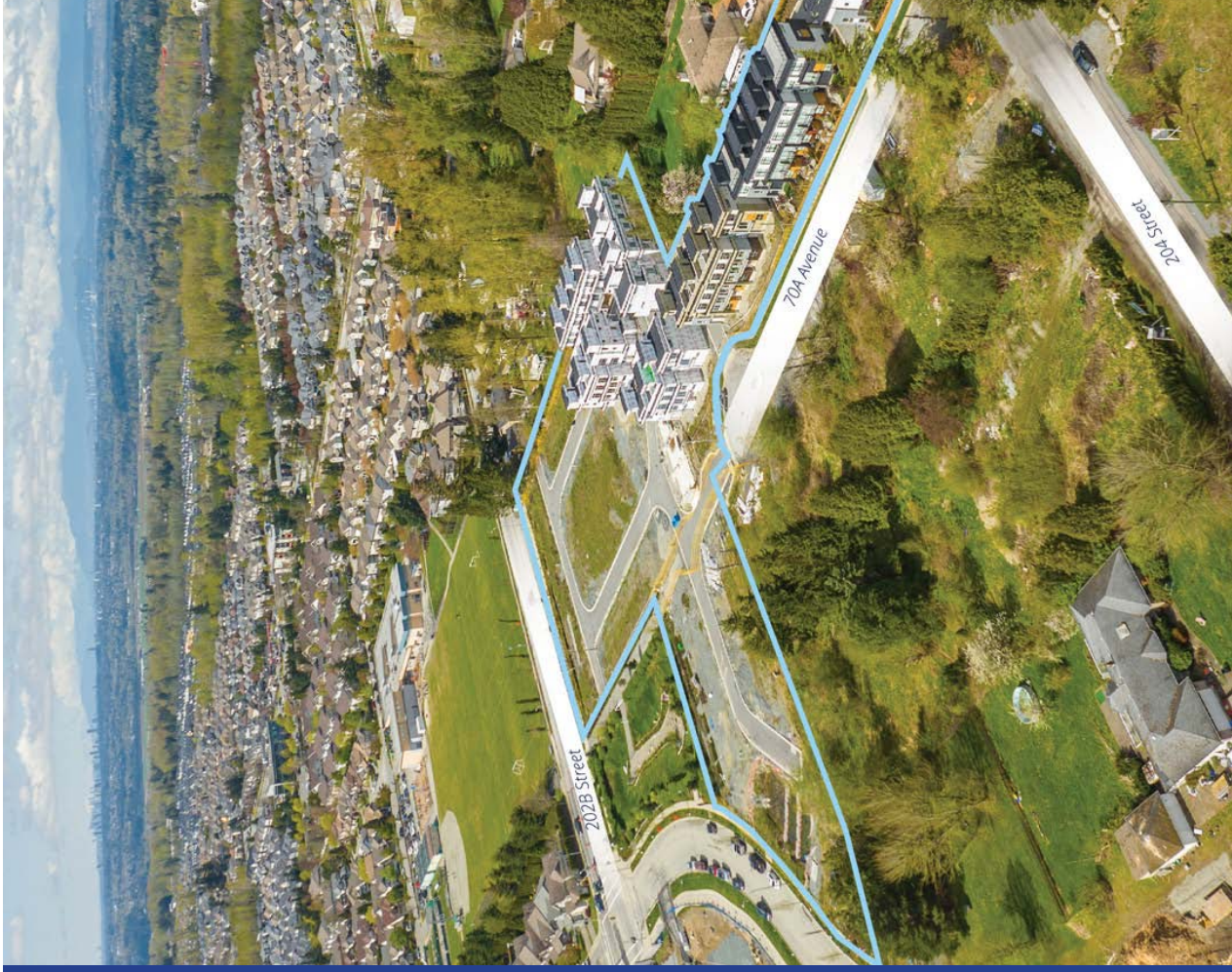
Casey Weeks

Personal Real Estate Corporation
Executive Vice President
+1 604 661 0811
Casey.Weeks@colliers.com

Bill Randall

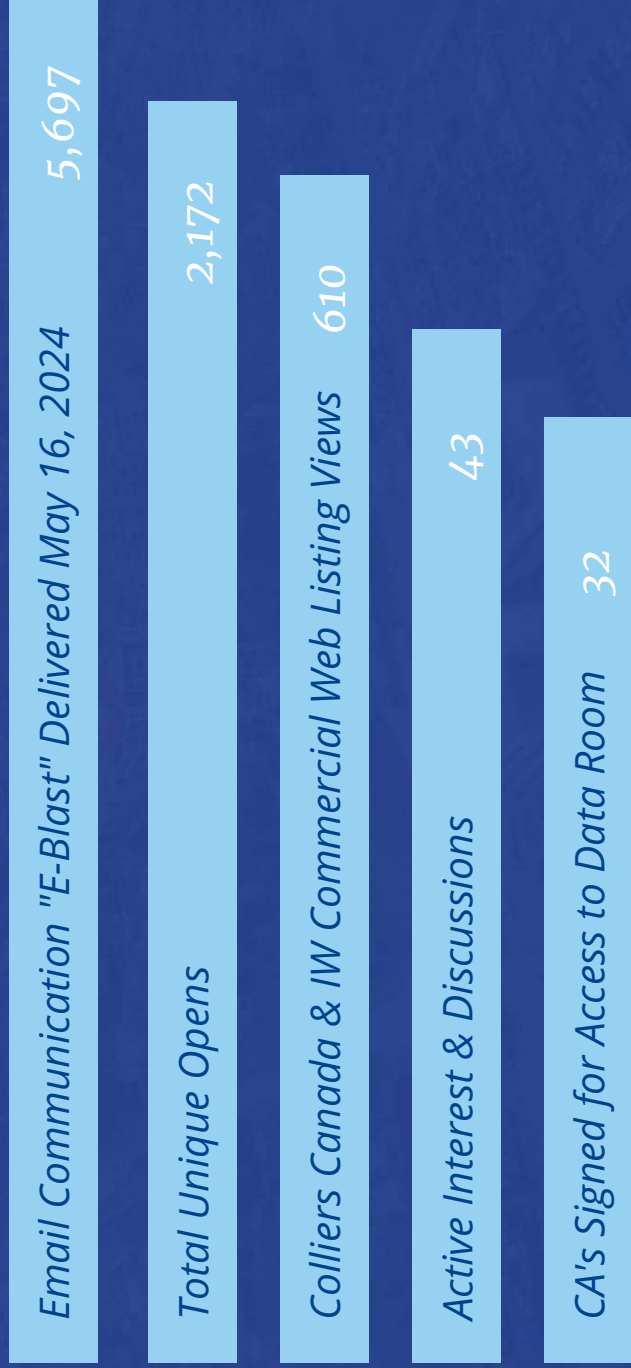
Personal Real Estate Corporation
Executive Vice President
+1 604 692 1097
Bill.Randall@colliers.com

Accelerating success.



Overview of Marketing Process

- Run a sales process and market 20335 70A Avenue, Langley, BC to our proprietary database of developer & investor contacts locally, nationally and internationally.



Expressions of Interest

Name of Prospect	Company	Data Room Access	Status
Amar Bains	Nordel Developments Ltd.	04/24/2024	Inquired / Initial Discussions
Jesse Wang	Kingdom Properties	04/24/2024	Toured Site / Detailed Discussions
Joe Dhaliwal	Mainland West	04/24/2024	Requested a Tour
Navjeet Singh	Mortise Construction Ltd	04/24/2024	Inquired / Initial Discussions
Rob Cassault	Upfield Capital	04/24/2024	Inquired / Initial Discussions
Zhe Wu	Red Cedar Investment (Canada) LTD	04/24/2024	Inquired / Initial Discussions
Ravi Sandhu	West Fraser Developments	04/25/2024	Requested a Tour
Sunny Bains	Westmark Development	04/25/2024	Toured site
Elvin Toews	Redekop Ferrario Properties	04/24/2024	Toured site / Detailed Discussions
Aaron Grover	Porte	04/24/2024	Inquired / Initial Discussions
Kush Bhatia	BELMONT MANAGEMENT 9CY0 LTD	04/24/2024	Inquired / Initial Discussions

Expressions of Interest

Name of Prospect	Company	Data Room Access	Status
Justin Rakhra	Kennedy Development	04/24/2024	2nd Site Tour Completed / Detailed Discussions
Matthew Cheung	Intergulf	04/24/2024	Toured site is past / Detailed Discussions
Eric Zhu	Streetside	04/24/2024	Inquired / Initial Discussions
Alex Law	Oaken Developments	04/24/2024	Inquired / Initial Discussions
Brandon Park	ICI Canada	04/24/2024	Inquired / Initial Discussions
Allan Beron	Urban One	04/24/2024	Inquired / Initial Discussions
Swarn Johal	Panorama West	04/24/2024	Inquired / Initial Discussions
Riley Mari	Listraor	04/24/2024	Inquired / Initial Discussions
Pav Sikham	Paddington Properties	04/24/2024	Inquired / Initial Discussions
Rajan Dhanowa	Sync Properties	04/24/2024	Inquired / Initial Discussions
Brad Hughes	Parkridge Homes	04/24/2024	Inquired / Initial Discussions

Expressions of Interest

Name of Prospect	Company	Data Room Access	Status
Ravi Mann	Isle of Mann	04/24/2024	Inquired / Initial Discussions
Michael Weir	Landstar Projects Ltd	04/25/2024	Inquired / Initial Discussions
Chris White	Mosaic	04/25/2024	Toured site and decided to pass
Dennis Wiemken	Vesta Properties Ltd	04/25/2024	Submitted LOI
Mike Boffo	Boffo Development	04/26/2024	Inquired / Initial Discussions
Kevin Anderson	Zenterra	05/01/2024	Inquired / Initial Discussions
Sanveer Shoker	Sunmark	05/01/2024	Inquired / Initial Discussions
Jordan Guo		05/01/2024	Inquired / Initial Discussions
Sasha Faris	First Track Investments	05/03/2024	Inquired / Initial Discussions
Braden Hepell	Infinity Properties	05/03/2024	Inquired / Initial Discussions
Geoff Matthews	Strand	05/08/2024	Inquired / Initial Discussions

Expressions of Interest

Name of Prospect	Company	Data Room Access	Status
Soon Kim	Newgen Group	05/16/2024	Toured the site
Adam Rabeda	Pollyco Group of Companies	5/21/2024	Inquired / Initial Discussions
Garth Neufeld	AB Wall Properties Ltd.	6/13/2024	Inquired / Initial Discussions
Sam Perera	Sloane Properties Ltd.	6/18/2024	Inquired / Initial Discussions
Dalvir Sanghera	APNA Group		Inquired / Initial Discussions
Jit Sangha	Realco Properties		Inquired / Initial Discussions
Rob Delves	Quantum		Inquired / Initial Discussions
Jesse thiesen	Liberty Homes		Inquired / Initial Discussions
Sunny Garcha	Royale Properties		Inquired / Initial Discussions
Tim Bontkes	Infinity Properties		Inquired / Initial Discussions
Jeff Bontkes	Benchmark Homes		Toured Site
Manbir Banwait	Banwait Group		Inquired / Initial Discussions



Accelerating success

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APPENDIX B

Redekop Offer dated June 11, 2024

OFFER TO PURCHASE AND CONTRACT OF PURCHASE AND SALE AGREEMENT

20335 70A Avenue, Langley, BC

THIS AGREEMENT dated for reference the 30th day of May, 2024 is made

BETWEEN:

REDEKOP FERRARIO PROPERTIES (DD) CORP., a corporation at
110-33827 South Fraser Way, Abbotsford, BC V2S 2C4

(the “**Purchaser**”)

OF THE FIRST PART

AND:

MNP LTD., solely in its capacity as court-appointed receiver of QRD
(Willoughby) Holdings Inc., QRD (Willoughby) Limited Partnership, and QRD
(Willoughby) GP Inc., and not in its personal capacity

(the “**Vendor**”)

OF THE SECOND PART

WHEREAS:

- A. By order dated November 8, 2023, as amended December 15, 2023, and April 19, 2024 (collectively, the “**Receivership Order**”) of the Supreme Court of British Columbia (the “**Court**”) made in Supreme Court of British Columbia Action No. S-237489, Vancouver Registry (the “**Proceedings**”), the Vendor was appointed receiver of all the assets, undertakings, and property of, inter alia, QRD (Willoughby) Holdings Inc., QRD (Willoughby) Limited Partnership, and QRD (Willoughby) GP Inc., which assets include the Property; and
- B. The Vendor has agreed to sell and the Purchaser has agreed to purchase the Property (as defined below) on the terms and conditions set forth in this Offer to Purchase.

WITNESS as follows:

1. **INTERPRETATION**

1.1. **Definitions**

In this Offer to Purchase:

- 1.1.1. “**Buildings**” means the buildings and other improvements on the Lands including, without limitation, mechanical and electrical systems;

- 1.1.2. **“Business Day”** means any day that is not a Saturday, Sunday or statutory holiday in British Columbia;
- 1.1.3. **“Claims”** means all past, present and future claims, suits, proceedings, liabilities, obligations, losses, damages, penalties, judgements, costs, expenses, fines, disbursements, legal fees (on a substantial indemnity basis) and other professional fees and disbursements, interest, demands and actions of any kind or any nature whatsoever;
- 1.1.4. **“Closing”** has the meaning set out at Section 9.1;
- 1.1.5. **“Closing Date”** means the day that is 60 days following waiver or satisfaction of the Vendor’s Condition, unless such date is not a Business Day, in which case the next Business Day;
- 1.1.6. **“Contaminants”** means, without limitation, asbestos, poly-chlorinated biphenyls and any substance or material which falls within the definition of “waste”, “special waste”, “hazardous chemicals”, “hazardous waste”, “dangerous goods”, “toxic substances”, any variation of such terms or any terms of similar import in the *Canadian Environmental Protection Act* (Canada), the *Environmental Management Act* (British Columbia), each as at the date hereof, or in any other applicable Environmental Laws;
- 1.1.7. **“Deposit”** has the meaning set out in Section 2.3;
- 1.1.8. **“Disclosure Statement”** means, collectively, the disclosure statement dated June 13, 2022, as amended February 17, 2023, and August 23, 2023, filed by QRD (Willoughby) Limited Partnership and QRD (Willoughby) Holdings Inc. in respect of the phased development known as “The Willoughby”;
- 1.1.9. **“Environmental Laws”** means any and all federal, provincial, municipal or other governmental or regulatory laws and rules in effect from time to time relating to the environment, occupational safety, health or transportation;
- 1.1.10. **“Execution Date”** means the date on which Vendor and the Purchaser have each executed and delivered this Offer to Purchase;
- 1.1.11. *Intentionally Deleted;*
- 1.1.12. **“GST”** means goods and services tax payable pursuant to the *Excise Tax Act* (Canada);
- 1.1.13. **“GST Certificate”** has the meaning set out in Section 10.5.2;
- 1.1.14. **“Lands”** means the lands and premises in Vancouver, British Columbia, legally described in Part 1 of Schedule “A” attached hereto;
- 1.1.15. **“Land Title Office”** means the Lower Mainland Land Title Office;

1.1.16. **“Permitted Encumbrances”** means:

- 1.1.16.1. the notations and encumbrances set forth in Part 2 of Schedule “B” attached hereto; and
- 1.1.16.2. any other leases, agreements, liens, charges or encumbrances expressly permitted in writing by the Purchaser;

1.1.17. **“Project Documents”** means:

- 1.1.17.1. copies of any environmental, building condition, or geotechnical reports or studies;
- 1.1.17.2. copies of plans, specifications, and surveys for and relating to the Property, including mechanical, architectural, or electrical design drawings and building specifications all if in the Vendor’s possession;
- 1.1.17.3. copies of any construction contracts relating to the Buildings;
- 1.1.17.4. copies of the Disclosure Statement;
- 1.1.17.5. evidence of the existing insurance relating to the Property;
- 1.1.17.6. copies of any permits or warranties relating to the Property; and
- 1.1.17.7. copies of the most currently available property assessment and realty tax notices/statements, and utilities invoices for the Lands;

1.1.18. **“Property”** means the Lands and the Buildings;

1.1.19. **“Purchase Price”** means Thirty Five Million Dollars (\$35,000,000);

1.1.20. **“Purchaser’s Condition”** has the meaning set out in Section 8.1;

1.1.21. *Intentionally Deleted;*

1.1.22. **“Purchaser’s Solicitors”** means Gowling WLG;

1.1.23. *Intentionally Deleted;*

1.1.24. **“Trust Declaration”** means the declaration of bare trust and agency agreement dated November 28, 2019 pursuant to which QRD (Willoughby) Holdings Inc. holds legal title to the Property for and on behalf of QRD (Willoughby) Limited Partnership;

1.1.25. **“Vendor’s Condition”** has the meaning set out in Section 8.2;

1.1.26. “Vendor’s Condition Waiver Date” means the date that is 30 days after acceptance of this Offer to Purchase., unless such date is not a Business Day, in which case the next Business Day;

1.1.27. “Vendor’s Solicitors” means Lawson Lundell LLP; and

1.1.28. “Vesting Order” means an order of the Court approving of this Offer to Purchase, vesting title to the Property in the Purchaser, discharging from title to the Lands any financial charges, liens and interests that are not Permitted Encumbrances hereunder.

1.2. Currency

All dollar amounts referred to are Canadian dollars.

1.3. Construction

The division and headings of this Offer to Purchase are for reference only and are not to affect construction or interpretation.

1.4. Governing Law

This Offer to Purchase shall be governed by the laws of British Columbia.

2. PURCHASE AND SALE

2.1. Offer to Purchase of Purchase and Sale

Upon acceptance of this Offer to Purchase, the Purchaser agrees to purchase and the Vendor agrees to sell the Property on the Closing Date free and clear of all encumbrances other than Permitted Encumbrances for the Purchase Price and on the terms and conditions of this Offer to Purchase. Notwithstanding the foregoing, the Vendor may, in its sole discretion and on written notice to the Purchaser, extend the Closing Date by up to seven (7) days.

2.2. Payment of Purchase Price

The Purchase Price for the Property shall be paid by the Purchaser as follows:

2.2.1. by way of a deposit of One Million Seven Hundred Fifty Thousand Dollars (\$1,750,000) (the “Deposit”) paid to the Vendor’s Solicitors, in trust, not later than three (3) Business Days after the Execution Date;

2.2.2. *Intentionally Deleted;*

2.2.3. the balance of the Purchase Price shall be paid to the Vendor’s Solicitors on the Closing Date by solicitor’s certified trust cheque, certified cheque, bank draft or wire and/or the Large Value Transfer System as required, drawn on one of the five largest Canadian chartered banks as provided in Article 9 of this Offer to Purchase.

2.3. Deposit

The Vendor's Solicitors will hold the Deposit (or portion thereof) without liability for interest, provided it may, in its sole discretion, invest the Deposit (or portion thereof). The Vendor and the Purchaser agree that the Deposit and interest as may accrue thereon will be paid as follows:

- 2.3.1. to the Vendor on account of the Purchase Price contemporaneously with the completion of the sale and purchase contemplated by this Offer to Purchase;
- 2.3.2. to the Purchaser, if the Purchaser is not required to complete the purchase contemplated by this Offer to Purchase, on the date this Offer to Purchase becomes null and void (including under Section 8.3.3);
- 2.3.3. to the Vendor if the purchase and sale contemplated by this Offer to Purchase is not completed by reason of the Purchaser's default as liquidated damages to the Vendor, without prejudice to any other remedy the Vendor may have at law or equity; and
- 2.3.4. if there is any dispute as to the disposition of the Deposit or interest thereon or any portion of either:
 - 2.3.4.1. the monies in dispute shall be disbursed only in accordance with a joint written direction of the Vendor and the Purchaser, failing which such monies in dispute shall be held pending final judgment or order of a Court of competent jurisdiction, which judgment is not appealed in the time limited for appeal, and shall be paid in accordance with such judgment; or
 - 2.3.4.2. the Vendor's Solicitors may deposit the funds with a Court of competent jurisdiction by way of interpleader,

and the parties irrevocably direct and authorize the Vendor's Solicitors in the above regard.

The Purchaser and the Vendor agree that the provisions of this Section 2.3 shall survive the lapse or termination of the obligations of the parties hereunder regarding the sale and purchase of the Property.

2.4. Allocation of Purchase Price

- 2.4.1. The Vendor and the Purchaser hereby agree that for the purpose of this Offer to Purchase, the Purchase Price set out above shall be allocated among the Property as agreed upon between the parties prior to the Closing Date (the "**Allocated Purchase Price**"). The parties will use commercially reasonable efforts to agree upon an allocation of the Purchase Price among the Property prior to the Closing Date, provided that a failure to reach an agreement prior to the Closing Date will not be a condition to the Vendor's or the Purchaser's obligation to complete the purchase and sale contemplated by this Offer to Purchase or affect or impair any of the rights or obligations of the parties under this Offer to Purchase. If, despite

the commercially reasonable efforts of the Vendor and the Purchaser, the parties fail to agree upon the allocation of the Purchase Price among the Property, then the Vendor and the Purchaser will be entitled to allocate the amount of the Purchase Price among the Property as each such party may so choose.

2.4.2. Provided that the parties agree upon an Allocated Purchase Price prior to the Closing Date, the Vendor and the Purchaser will each complete all tax returns, designations and elections in a manner consistent with the Allocated Purchase Price and otherwise follow such allocation for all tax purposes on and subsequent to the Closing and not take any position inconsistent with such allocation. If such allocation is disputed by any governmental authorities, the party receiving notice of such dispute will promptly notify the other party and the parties will use commercially reasonable efforts to sustain such allocation. The parties will share information and cooperate to the extent reasonably necessary to permit the transactions contemplated by this Offer to Purchase to be properly, timely and consistently reported.

2.5. **Termination of Contract.** This Offer to Purchase may be terminated at the Vendor's sole option if at any time prior to Court approval.

2.5.1. the Court varies or vacates the receivership order to remove or impede the Vendor's ability to market the Lands for sale; or

2.5.2. the Vendor determines, in its sole discretion, that it is inadvisable to present this Offer to Purchase to the Court for any reason whatsoever,

and in any such event the Vendor shall have no further obligations or liability to the Purchaser under this Offer to Purchase or otherwise (save and except for return of the Deposit as otherwise set out herein)..

3. **DOCUMENTS AND INSPECTION**

3.1. **Project Documents**

The Vendor covenants that within five (5) days of the Execution Date the Vendor shall deliver or make available to the Purchaser copies of the Project Documents, to the extent the Project Documents are in the Vendor's possession. For additional clarity, the Vendor makes no representations or warranties as to the completeness or veracity of the Project Documents. If this Offer to Purchase becomes null and void (including under Section 8.3.3), the Purchaser shall thereupon return or destroy all Project Documents and all other material in its possession without retaining any copies thereof.

3.2. **Inspection**

The Purchaser shall be entitled upon reasonable notice to the Vendor to enter the Property and carry out tests and inspections of the Property provided that a representative of the Vendor shall be provided the opportunity and shall be entitled to accompany the Purchaser during tests and inspection of the Property, and the Vendor shall have the right to approve invasive or intrusive inspections, tests and audits, if any are proposed by the Purchaser, prior to such inspections, tests

and audits being undertaken. The Purchaser agrees to indemnify and hold the Vendor harmless from any physical damage to the Property or to the Vendor, its agents or employees, arising out of such entry.

4. **GENERAL COVENANTS**

4.1. *Intentionally Deleted*

5. **ADJUSTMENTS AND RELATED MATTERS**

5.1. **Adjustments**

There will be no adjustments, either incoming and outgoing, with respect to the Property, including taxes, utilities, rents, security deposits, operating expenses, fuel, licences and other items normally adjusted between a vendor and purchaser in the sale of similar properties.

6. **POSSESSION**

6.1. **Possession Date**

The Purchaser shall, upon completion of the sale and purchase, and subject to the Permitted Encumbrances, have possession of the Property as of the Closing Date.

7. **REPRESENTATIONS AND WARRANTIES**

7.1. **Vendor's Representations and Warranties**

The Vendor hereby represents and warrants to the Purchaser, that the Vendor has, or will have after obtaining the court approval referred to in Section 8.2, all necessary authority to execute and deliver this Agreement and all other documents and instruments contemplated herein or therein to which it is or will be party and to perform its obligations hereunder and thereunder.

7.2. **As Is Where Is**

The Purchaser acknowledges, covenants and agrees that:

- 7.2.1. except as expressly set forth herein, it is purchasing the Property on a strictly "as is, where is" basis;
- 7.2.2. the Vendor is not the owner of the Property and is making no representations or warranties whatsoever with respect to the Property;
- 7.2.3. it enters into this Offer to Purchase relying solely on its own inspections, it has not relied on any documents or information provided by the Vendor or any representation or warranty given by or on behalf of the Vendor concerning the Property except as otherwise expressly set out herein and it is the obligation of the Purchaser to satisfy itself (at the Purchaser's sole cost and expense) on all matters relating to or affecting the Property, including the following:

- 7.2.3.1. the latent or patent defects, state of repair or condition of the Property, environmental, soils, surface and ground water, physical or otherwise, including the presence or absence of Contaminants on, in, under or about the Property or any surrounding or neighbouring property;
- 7.2.3.2. the development potential or the fitness of the Property for the intended use of it by the Purchaser, and that certain marketing activities have been previously undertaken by a developer pursuant to the Disclosure Statement;
- 7.2.3.3. the general condition and state of any improvements, equipment, utilities or other facilities or systems in, on, under or servicing the Property;
- 7.2.3.4. the boundaries and dimensions of the Property;
- 7.2.3.5. the access to and egress from, or past, present or future permitted uses or zoning of the Property and the bylaws of the municipality or any other governing authority which relate to any of the Property;
- 7.2.4. the Purchaser understands and agrees that the Vendor has no obligation to conduct any investigations, tests or studies or any due diligence review of any kind whatsoever with respect to the any matter relating to the Property;
- 7.2.5. the Purchaser agrees and acknowledges that the Vendor is providing the Project Documents for purposes of notice only and delivery of such materials does not constitute a warranty or representation of any kind as to the quality or condition (whether environmental or otherwise) of the Property or the suitability or fitness of the Property for any of the Purchaser's purposes or intended uses whatsoever. The Vendor makes no representation or warranty as to the accuracy or completeness of any reports or information prepared by any person other than the Vendor and provided to the Purchaser hereunder;
- 7.2.6. the Purchaser forever releases the Vendor and its directors, officers, shareholders, agents and employees from any and all Claims relating to any of the matters set out above in this Section 7.2 and the Purchaser further covenants and agrees that the Vendor and its directors, officers, shareholders, agents and employees shall have no liability or obligation with respect to any of the matters described in this Section 7.2 any and all of which shall, on the Closing Date, be accepted and assumed by the Purchaser;
- 7.2.7. upon completion of the Purchaser's acquisition of the Property, the Purchaser shall be deemed to have unconditionally and irrevocably waived and released the Vendor and its officers, directors, shareholders, agents, consultants and representatives from any Claims relating to the environmental condition of the Property or neighbouring properties including any Claims related to the presence of any contaminants on, under or within the Property or neighbouring Property or

the non-compliance of the Property or neighbouring properties with any Environmental Laws;

- 7.2.8. if on the Closing Date the Vendor is in default in any material respect under any of the covenants and agreements to be observed or performed by the Vendor under this Offer to Purchase, the Purchaser may elect not to complete the purchase of the Property under this Offer to Purchase. Upon completion of the purchase and sale of the Property on the Closing Date as herein provided, each party shall be deemed to have waived, to the extent it has actual knowledge of, any non-compliance with any term, covenant or condition by, or any inaccurate representation and warranty of, any other party;
- 7.2.9. the Vendor will present this Offer to Purchase to the Court for approval once all conditions precedent, save for Court-approval, have been waived or declared fulfilled, and in so doing is not contractually or otherwise liable to the Buyer or any other party in any way;
- 7.2.10. the assets to be purchased under this Agreement does not include any personal property or chattels, and that any personal property or chattels remaining in the premises on the Property which are taken by the Buyer, are taken at their own risk and expense, without representation or warranty of any kind from the Vendor as to the ownership or state of repair of any such personal property or chattels;
- 7.2.11. there will be no adjustments made to the purchase price on account of any tenancies assumed by the Buyer, including but not limited to adjustments for rents or security deposits;
- 7.2.12. the provisions of this Section 7.2 shall survive the Closing.

7.3. **Purchaser's Representations and Warranties**

The Purchaser hereby represents and warrants to the Vendor, regardless of any independent investigations that the Vendor may cause to be made, that as at the date of this Offer to Purchase:

- 7.3.1. the Purchaser has the power, authority and capacity to purchase the Property;
- 7.3.2. the execution and delivery of this Offer to Purchase does not conflict with any other agreement binding on the Purchaser and has been and the completion of this Offer to Purchase will have been by the Closing Date duly authorized by all necessary corporate action on the part of the Purchaser;
- 7.3.3. the Purchaser acknowledges and agrees that the Vendor is not the registered owner of the Lands and can make no representations as to the use of the Lands, its occupancy or vacancy, or the residency of the registered owner. To the extent any information or declaration is made by the Vendor in respect of such matters and to enable closing, they are made on information and belief and are not to be relied upon by the Purchaser; and

- 7.3.4. the Purchaser acknowledges and agrees that other prospective purchasers may attend in Court in person or by agent at the hearing of the motion to approve this Offer to Purchase and such prospective purchasers may make competing offers which may be approved by the Court. The Vendor may be compelled to advocate in favour of other offers in order to obtain the highest price for the Lands. The Vendor gives no undertaking to advocate the acceptance of this Offer to Purchase. To protect their interests in purchasing the Lands, the Purchaser acknowledges and agrees that they should attend at the Court hearing in person or by agent and be prepared there to make such amended or increased offer to purchase the Lands as the Court may permit or direct.

8. **CONDITIONS PRECEDENT**

8.1. **Purchaser's Condition**

The Purchaser confirms that this Offer to Purchase is not subject to any conditions that are for the sole benefit of the Purchaser.

8.2. **Vendor's Condition**

The Vendor's obligation to complete the transactions contemplated by this Offer to Purchase is subject to the Vendor receiving the Vesting Order on or before 5.00 p.m. Vancouver time on the Vendor's Condition Waiver Date. This condition is for the sole benefit of the Vendor. Notwithstanding the foregoing, the Vendor may, in its sole discretion and on written notice to the Purchaser, extend the Vendor's Condition Waiver Date by up to twenty-one (21) days.

8.3. **Satisfaction and Waiver**

The parties agree that if:

8.3.1. *Intentionally Deleted;*

8.3.2. *Intentionally Deleted;*

8.3.3. the Vendor does not give written notice to the Purchaser by the applicable time limited in Section 8.2 that the Vendor's Condition is fulfilled or waived then this Offer to Purchase shall automatically be null and void upon the expiry of the applicable time.

8.4. **Consideration for and Nature of Conditions**

The Purchaser and the Vendor have each paid the other the sum of \$10.00 as consideration for their respective rights to remove or waive the conditions set forth in this Article 8 and the parties acknowledge the receipt and sufficiency in all respects of such consideration and the parties acknowledge and agree that although their obligations to complete the sale and purchase contemplated by this Offer to Purchase are subject to fulfilment or waiver of such conditions:

- 8.4.1. the Purchaser's Condition and the Vendor's Condition are not conditions to there being a binding agreement of purchase and sale between the parties respecting the Property; and
- 8.4.2. until the time limited for the fulfilment or waiver of the Purchaser's Condition or the Vendor's Condition (as applicable) has expired, this Offer to Purchase is not void, voidable, revocable or, except in the case of default, otherwise capable of being terminated by either of the parties.

9. **CLOSING**

9.1. **Closing**

The closing of the purchase and sale of the Property (the "**Closing**") shall commence at 9:00 a.m. on the Closing Date in the offices in Vancouver of the Vendor's Solicitors and the parties shall co-operate to arrange submission of registrable documents to the Land Title Office early on the Closing Date.

9.2. **Vendor's Closing Documents**

At the Closing, the Vendor will deliver to the Purchaser's Solicitors in trust to be held in escrow as hereinafter provided the following, duly executed as appropriate and applicable:

- 9.2.1. a Court certified copy of the Vesting Order and any other orders as are necessary, all in a form registrable, in all necessary offices required to effect the transfer of the Property;
- 9.2.2. letters from legal counsel to the Vendor to the Land Title Survey Authority or other agency as may be required by the Vesting Order;
- 9.2.3. a beneficial transfer conveying the beneficial interest in the Property to the Purchaser;
- 9.2.4. a termination of the Trust Declaration;
- 9.2.5. a statement of adjustments approved by the Vendor;
- 9.2.6. if applicable, either:
 - 9.2.6.1. registrable releases of any liens, charges and encumbrances against all or any part of the Property other than Permitted Encumbrances;
or
 - 9.2.6.2. solicitor's undertakings in favour of the Purchaser's Solicitors and satisfactory to the Vendor's Solicitors and the Purchaser's Solicitors, each acting reasonably, providing for delivery and registration of such releases after completion upon receipt of the adjusted Purchase Price due to the Vendor on the Closing Date;

- 9.2.7. all keys and master keys to all units and facilities of the Property in the Vendor's possession;
- 9.2.8. such other documents as the Vendor's Solicitors may reasonably require to document the sale and purchase contemplated herein.

9.3. **Purchaser's Closing Documents**

At the Closing, following delivery into escrow by the Vendor of those documents described in Section 9.2, the Purchaser will execute and deliver to the Purchaser's Solicitors in escrow as hereinafter provided the following:

- 9.3.1. a bank draft or certified cheque, payable to the Vendor or as the Vendor may direct, in an amount equal to the adjusted Purchase Price due to the Vendor on the Closing Date;
- 9.3.2. a statement of adjustments approved by the Purchaser;
- 9.3.3. the GST Certificate; and
- 9.3.4. such other documents as the Purchaser's Solicitors may reasonably require to document the sale and purchase herein.

9.4. **Form of Documents**

All documents referred to in Sections 9.2 and 9.3 and not scheduled to this Offer to Purchase shall be prepared by the Purchaser's Solicitors (and delivered to the Vendor's Solicitors for review no later than five (5) Business Days prior to the Closing Date) and shall be in form and substance approved by the Purchaser's Solicitors and the Vendor's Solicitors, each acting reasonably. Certificates of officers of parties shall be on behalf of the party and not personally.

9.5. **Closing Escrow**

All documents, funds and cheques or bank drafts delivered by the Purchaser and the Vendor, except the Transfer, and any releases delivered pursuant to paragraph 9.2.6.1 shall be held in trust by the Purchaser's Solicitors in the Purchaser's Solicitor's offices until the Transfer, and any releases delivered pursuant to paragraph 9.2.6.1 have been accepted for registration in the Land Title Office and a satisfactory post index check search has been received showing that title to the Lands will be registered in the name of the Purchaser subject only to the Permitted Encumbrances and any encumbrances granted by or claimed through the Purchaser at which time all documents and monies will be released to the appropriate parties.

It will be a condition of the Closing that all matters of payment, execution and delivery of documents by each party to the other and the acceptance for registration of documents in the Land Title Office, all pursuant to the terms hereof, shall be deemed to be concurrent requirements and it is specifically agreed that nothing will be complete at the Closing until everything required as a condition precedent at the Closing has been paid, executed and delivered and until title in and to the Lands will be registered in the name of the Purchaser as aforesaid.

9.6. Purchaser's Financing

If the Purchaser is relying upon a new mortgage to finance the Purchase Price, the Purchaser, while still required to pay the Purchase Price on the Closing Date, may wait to pay the Purchase Price to the Vendor until after the new mortgage documents have been submitted for registration in the Land Title Office, but only if, before such submission, the Purchaser has:

- 9.6.1. deposited with the Purchaser's Solicitors that portion of the Purchase Price not secured by the new mortgage;
- 9.6.2. fulfilled all the new mortgagee's conditions for funding except submitting the mortgage for registration; and
- 9.6.3. made available to the Vendor, a lawyer's undertaking to pay the Purchase Price upon the submission for registration of the new mortgage documents and the advance by the mortgagee of the mortgage proceeds.

9.7. Vendor's Financing

If the Vendor has existing financial charges to be cleared from title the Vendor, while still required to clear such charges, may wait to pay and discharge existing financial charges until immediately after receipt of the Purchase Price, but in this event, the Purchaser shall pay the Purchase Price to the Vendor's Solicitors, in trust, on undertakings to pay and discharge the financial charges and remit the balance, if any to the Vendor.

10. GENERAL

10.1. Further Assurances

Each of the parties shall execute and deliver all such further documents and do such further acts and things as may be reasonably required from time to time to give effect to this Offer to Purchase.

10.2. No Merger

The parties agree that the execution and delivery of the closing documents according to Article 9 is not intended to and shall not in any way merge or otherwise restrict the terms, covenants, conditions, representations, warranties or provisions made or to be performed or observed by the parties contained in this Offer to Purchase other than their respective obligations to deliver the said closing documents.

10.3. Entire Offer to Purchase

This Offer to Purchase constitutes the entire agreement between the Vendor and the Purchaser pertaining to the purchase and sale of the Property and supersedes all prior agreements and undertakings, negotiations and discussions, whether oral or written, of the Vendor and the Purchaser and there are no warranties, representations, covenants or agreements between the Vendor and Purchaser except as set forth herein.

10.4. Notices

Any notice, document or communication required or permitted to be given hereunder shall be in writing and delivered by hand or electronic transmission to the party to which it is to be given as follows:

To the Vendor:

MNP LTD.

PO Box 72, Bentall One
505 Burrard Street, Suite 430
Vancouver, BC V7X 1M
Attention: Gordon Brown
Email: gordon.brown@mnp.ca

With a copy to:

Lawson Lundell LLP
1600-925 West Georgia Street
Vancouver, B.C. V6C 3L2
Attention: Will Roberts and Nicholas Shon
Email: wroberts@lawsonlundell.com and nshon@lawsonlundell.com

To the Purchaser:

Redekop Ferrario Properties (DD) Corp.
110-33827 South Fraser Way
Abbotsford, BC V2S 2C4
Attention: Elvin Toews
Email: elvin@rfproperties.ca

or to such other address in the province of British Columbia as either party may in writing advise. Any notice, document or communication will be deemed to have been given when delivered or when transmitted by electronic means and received.

10.5. Fees and Taxes

- 10.5.1. Each of the parties will pay its own legal fees and fees of its consultants. The Purchaser shall pay all registration and property transfer taxes payable in connection with its purchase of the Property.
- 10.5.2. The Purchaser shall be responsible for and pay all federal and provincial sales and other taxes payable by a purchaser upon or in connection with the conveyance or transfer of the Property, including GST, or provincial retail sales tax, provided, however, that the Purchaser shall not be required to pay GST to the Vendor on Closing if it delivers a certificate containing an undertaking and indemnity (the "GST Certificate") certifying, *inter alia*, that it is purchasing the Property on its own behalf and not as trustee or agent for any third parties, confirming the

Purchaser's GST registration number (which registration number shall be provided to the Vendor's Solicitors no later than two (2) Business Days before the Closing Date) and confirming that its registration is in full force and effect on Closing and has not been revoked or waived and that the Purchaser will indemnify and save harmless the Vendor and their shareholders, directors, officers, employees, advisors and agents from all Claims incurred, suffered or sustained as a result of a failure by the Purchaser:

- 10.5.2.1. to pay any federal, provincial or other taxes payable by the Purchaser in connection with the conveyance or transfer of the Property whether arising from a reassessment or otherwise, including GST, and provincial retail sales tax, if applicable; and/or
- 10.5.2.2. to file any returns, certificates, filings, elections, notices or other documents required to be filed by the Purchaser with any federal, provincial or other taxing authorities in connection with the conveyance or transfer of the Property.

10.5.3. This Section 10.5 shall survive and not merge on Closing.

10.6. **Time**

Time shall be of the essence of this Offer to Purchase, provided that the time for doing or completing any matter provided for herein may be extended or abridged by an agreement in writing signed by the Vendor and the Purchaser or by their respective solicitors who are hereby expressly appointed in this regard.

If the time limited for the performance or completion of any matter under this Offer to Purchase expires or falls on a day that is not a Business Day, the time so limited shall extend to the next following Business Day.

10.7. **Tender**

Any tender of documents or money may be made upon the party being tendered or upon its solicitors and money may be tendered by wire transfer (including by way of the Large Value Transfer System as required), solicitor's certified trust cheque, certified cheque or bank draft drawn on one of the five largest Canadian chartered banks.

10.8. **Enurement**

This Offer to Purchase shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns and reference to any party includes reference to its successors and permitted assigns.

10.9. **Assignment**

The Purchaser will have the right to assign its rights to an Affiliate(s) or any other entity in which the Purchaser or its Affiliate(s) has an ownership interest of not less than twenty-five

percent (25%) of the voting shares/units, including a limited partnership or co-ownership, PROVIDED THAT:

- (a) the Purchaser will deliver written notice to the Vendor of any such assignment along with evidence satisfactory to the Vendor, acting reasonably, of its or its Affiliate's ownership interest in the assignee;
- (b) the Purchaser will remain fully liable to the Vendor for the performance by any such assignee of the obligations of the Purchaser and will not be released from the performance hereof; and
- (c) the assignee enters into an agreement with the Vendor assuming the rights and obligations of the Purchaser.

Otherwise, the Purchaser may only assign this agreement with the prior written consent of the Vendor.

For the purposes of this Section, "Affiliate" has the meaning ascribed to it in the Business Corporations Act (British Columbia)

Notwithstanding the foregoing, the Purchaser will not be permitted, and will require the Vendor's prior written consent, not to be unreasonably withheld, to assign its rights to an Affiliate following the Vendor's Condition Waiver Date.

10.10. **Break Fee**

From the date that the Vendor executes this Offer to Purchase, the Vendor agrees to pay the Purchaser a break fee in the amount of Two Hundred Thousand Dollars (\$200,000.00) (the "Break Fee") in the event that the Vendor decides not proceed with this Offer to Purchase for any reason whatsoever, including but not limited to the Vendor's failure to remove the Vendor's Condition set out in Section 8.2, and the Offer to Purchase is terminated and becomes null and void.

For clarity, the Break Fee will also be payable by the Vendor to the Purchaser in the event that the Vendor receives and accepts a competing offer for the Property.

10.11. **Counterparts**

This Offer to Purchase may be executed in counterparts and when each party has executed a counterpart each of such counterparts shall be deemed to be an original and all of such counterparts when taken together shall constitute one and the same agreement.

10.12. **Execution Electronically**

This Offer to Purchase or a counterpart hereof may be executed by a party hereto and transmitted electronically and if so executed and transmitted this Offer to Purchase will be for all purposes as effective and binding upon such party as if such party had delivered an originally executed document.

10.13. **Confidentiality**

The parties shall keep confidential all information provided to them respectively by any other party hereto pursuant to this Offer to Purchase and shall keep confidential the terms of this Offer to Purchase, except:

- 10.13.1. for the purposes of any litigation which ensues relating to this Offer to Purchase;
- 10.13.2. for the purposes of any reports required to be made by them respectively under any statute or by law;
- 10.13.3. for the purpose of dealings with their accountants, lawyers and other professionals in the administration of their respective business; and
- 10.13.4. for the purpose of anything required under this Offer to Purchase.

11. **SCHEDULES**

The following Schedules are incorporated into and form an integral part of this Offer to Purchase:

Schedule "A" – Legal Description and Permitted Encumbrances

12. **LETTER OF CREDIT**

On or before the Closing Date, the Purchaser shall provide the replacement letters of credit to the Vendor or the Vendor's Solicitors for delivery to the Corporation of the Township of Langley ("Langley") for any and all letters of credit presently posted with Langley in connection with the development of the Property. Following the Closing Date, the Purchaser take all commercially reasonable steps requested by the Vendor for the Vendor to secure the release of such letters of credit by Langley. The delivery of the replacement letters of credit shall be a condition of the transaction set out herein and the obligations of the Purchaser set out in this Section 12 shall survive the Closing Date indefinitely.

[the next page is the signature page]

This Offer to Purchase is irrevocable and is open for acceptance by the Vendor up to 5:00 p.m. (Vancouver time) on the 12th day of June 2024 and, upon acceptance by the Vendor, will constitute a binding agreement for the purchase and sale of the Property on the terms and conditions contained herein. In the event that this Offer to Purchase is not accepted by the Vendor on or before the aforesaid time and date, then this Offer to Purchase shall be null and void.

IN WITNESS WHEREOF this Offer to Purchase has been executed as of the day and year first above written.

PURCHASER

**REDEKOP FERRARIO PROPERTIES
(DD) CORP.**

DocuSigned by:
Per: Stefan Ferrario
0EC5EDE28A3A49E...
Authorized Signatory

This Offer to Purchase is accepted by the Vendor this 11th day of JUNE, 2024

VENDOR

MNP LTD.,
solely in its capacity as receiver of the Property,
and not in its personal capacity

Per: [Signature]
Authorized Signatory

SCHEDULE "A"

PART 1 - LEGAL DESCRIPTION OF THE PROPERTY

PID: 030-943-973, Lot A Section 14 Township 8 New Westminster District Plan EPP82621

(the "Property")

PART 2 - PERMITTED ENCUMBRANCES

Those exceptions and limitations set out in Section 23(2) of the *Land Title Act* (British Columbia), including those exceptions and reservations contained in the original Crown grant or contained in any other grant or disposition from the Crown;

Legal Notations

HERETO IS ANNEXED EASEMENT CA7826904 OVER PART OF LOT 37 PLAN 30901 AS SHOWN ON PLAN EPP91138

NOTICE OF INTEREST, BUILDERS LIEN ACT (S.3(2)), SEE CA7999556 FILED 2020-01-24

THIS TITLE MAY BE AFFECTED BY A PERMIT UNDER PART 14 OF THE LOCAL GOVERNMENT ACT, SEE CA9344379

ZONING REGULATION AND PLAN UNDER THE AERONAUTICS ACT (CANADA) FILED 31.03.1976 UNDER NO. M26464 PLAN NO. 49871

ZONING REGULATION AND PLAN UNDER THE AERONAUTICS ACT (CANADA) FILED 31.03.1976 UNDER NO. M26464 PLAN 49871

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Charges, Liens and Interests:

Statutory Right of Way AB166579

Covenant CA7826891

Covenant CA7826894

Statutory Right of Way CA7826898

Covenant CA7826906

Easement CA7826914

Covenant CA7826916

Covenant CA7826918

Statutory Right of Way CA8650541

Statutory Right of Way CA8650542

Covenant CA9248520

Covenant CA9248523

Covenant CA9248526

Statutory Right of Way CA9248530

Covenant CA9248533

Statutory Right of Way CA9248537

Easement CA9248542

Covenant CA9248545

Covenant CA9248550

Statutory Right of Way CA9342985

APPENDIX C

Receiver's Interim Statement of Receipts and Disbursements

In the Matter of the Receivership of QRD (Willoughby) Holdings Inc. et al.
Receiver's Interim Statement of Receipts and Disbursements
For the Period November 8, 2023 to June 15, 2024

Receipts	\$
Advance from Secured Creditor	2,209,000.00
Refunds - BC Hydro and Misc.	130,903
GST Refunds	76,611
Cash in bank	24,928
Interest	5,167
	2,446,609
Disbursements	
Contractor costs	1,567,163
Insurance	206,501
GST paid	95,991
Receiver's fees and disbursements	85,243
Security	83,547
Legal fees and disbursements	75,025
Consultant fees	70,689
Utilities	37,388
PST on legal fees	5,191
Administrative disbursements	2,697
Advertising	745
Ascend License Fee	294
Filing fees paid to Official Receiver	151
Fees paid to registrar	40
Bank fees	32
Search fees	30
	2,230,725
Excess Receipts over Disbursements	215,884