

CLERK OF THE COURT
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DEC 19 2019
JUDICIAL CENTRE
OF CALGARY

COURT FILE NUMBER 1901-17453
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
APPLICANTS IN THE MATTER OF *THE COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF *THE BUSINESS CORPORATIONS
ACT*, R.S.A. 2000, c. B-9, AS AMENDED
AND IN THE MATTER OF THE COMPROMISE OR
ARRANGEMENT OF IEC LTD., AUDEAMUS CAPITAL CORP.,
AND THOSE OTHER APPLICANTS SET OUT ON THE
ATTACHED SCHEDULE "A"

DOCUMENT: **AFFIDAVIT #3 OF RIAZ MAMDANI**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT: McCarthy Tétraut LLP
4000, 421 – 7th Avenue SW
Calgary, AB T2P 4K9
Attention: Sean Collins / Walker W. MacLeod / Pantelis Kyriakakis
Tel: 403-260-3531 / 3710 / 3536
Fax: 403-260-3501
Email: scollins@mccarthy.ca / wmacleod@mccarthy.ca / pkyriakakis@mccarthy.ca

AFFIDAVIT #3 OF RIAZ MAMDANI
Sworn on December 19, 2019

I, RIAZ MAMDANI, of the City of Calgary, in the Province of Alberta, SWEAR AND SAY THAT:

I. INTRODUCTION

1. I am the founder, chief executive officer, and sole director of the entities that comprise the real estate enterprise known as the Strategic Group. In preparing this Affidavit, I have consulted with management, accounting, financial, members of the senior management team of the CCAA Parties, and other advisors to the CCAA Parties. I have personal knowledge of the facts and matters contained in this Affidavit, except where I have received information from someone else or some other source of information. In the instances where I have received information from someone else or some other source, I have identified such person or source, and I believe such information to be true.

2. I swore an Affidavit on December 16, 2019 (my "**Second Affidavit**") which was filed in these proceedings (the "**CCAA Proceedings**") in support of the Applicant's Come-Back relief. All capitalized terms that are used herein but which are not otherwise defined, have the same meaning as ascribed to such terms in the Second Affidavit or in my Affidavit #1, sworn on December 10, 2019 (the "**First Affidavit**").

3. Since filing the application seeking the Come-Back Relief, multiple parties have filed materials in opposition of same. In particular the Co-Owner has filed an Affidavit of Mr. David Lawson, sworn on December 18, 2019 (the "**Telus Affidavit**"). I make this Affidavit as a reply to the numerous misstatements and factual inaccuracies in the Telus Affidavit.

II. RESPONSE TO THE TELUS AFFIDAVIT

4. The Co-Owner claims that the reporting with respect to the Co-Owner's Property is not in accordance with the corresponding Property Management Agreements, despite such variances to the Reporting Requirements (as defined below) being made at the Co-Owner's specific request and that the parties have continued to operate on this amended basis for the last three (3) years. In connection with the Co-Owner's concerns, attached hereto and marked as **Exhibit "A"** to this my Affidavit is a true copy of the response sent by Counsel to the CCAA Parties, dated December 8, 2019, in response to the Co-Owner's correspondence, dated December 6, 2019, attached as Exhibit B to the Telus Affidavit, addressing, among other factors, the evolution of the Reporting Requirements.

(a) Evolution of Reporting Requirements

5. A general background concerning the ownership structure of the Co-Owned Properties and their corresponding mortgages and outstanding mortgage obligations are set out in the First Affidavit.

6. The relationship between the Co-Owner and Strategic Group evolved from the Co-Owner's initial investment in 2015, at the specific requests of the Co-Owner. Specifically, at the Co-Owner's request and the parties' agreement, depending on the type of Co-Owned Property, the following quarterly and year end reporting requirements were established:

Type of Reporting	Timing of Reporting	Last Provided
Valuations	Annually	December 31, 2018 Yearend Valuation Report was provided in December 2018
Operating Statements	Quarterly	2019 Q2 Report provided in September 2019
Variance Reporting	Quarterly	2019 Q2 Report provided in September 2019
Occupancy Updates	Quarterly	2019 Q2 Report provided in September 2019
Lease expiry schedule and renewals	Quarterly	2019 Q2 Report provided in September 2019
Future leases (for Commercial Co-Owned Properties)	Quarterly	2019 Q2 Report provided in September 2019
Leasing prospects (for Commercial Co-Owned Properties)	Quarterly	2019 Q2 Report provided in September 2019
Rent Rolls	Quarterly	2019 Q2 Report provided in September 2019
Debt Matrix Updates	Quarterly	2019 Q2 Report provided in September 2019
Forecasted Statement of Operations	Quarterly	2019 Q2 Report provided in September 2019
Forecasted Contributions / Distributions	Quarterly	2019 Q2 Report provided in September 2019
Budget Report	Annually	On December 10, 2019, the Co-Owner was provided the Budget Report for 2019 and a senior member of the Co-Owner Team (as defined below) attended the Co-Owner's office to go through the Budget Report
Year end IRR Calculations	Annually	Provided in April 2019 after the 2018 year end reconciliation and the Q4 2018 year end report were provided
Amortization Schedules	As requested	September 2018 for all Co-Owned Properties, thereafter as requested.

(collectively, the “Reporting Requirements”)

7. In addition to the above Reporting Requirements, I attended monthly meetings with representatives of the Co-Owner to discuss Co-Owner matters. Furthermore, in addition to the monthly meetings, bi-weekly calls were held with a representative of the Co-Owner to discuss management and development strategy with respect to the Co-Owned Properties.

8. During the development of the Reporting Requirements, Strategic Group retained and developed a team of individuals to specifically deal with and address the Co-Owner's extensive Reporting Requirements and to address any additional questions or information request the Co-Owner may have (collectively, the "**Co-owner Team**").

9. The changes made to Strategic Group's reporting since 2015 and 2016 was not due to the non-performance by Strategic Group; rather, the changes to the Reporting Requirements were made at the Co-Owner's request.

10. The modified Reporting Requirements have been complied with by the Strategic Group, since 2016. Since that time, the only concerns raised with respect to the Reporting Requirements was when the Co-Owner requested that the Reporting Requirements include a new capital overview and distribution/contribution schedule, in September 2019, and then when the Co-Owner provided a final template for same in November 2019.

(b) Provision of Information Since Initial Order

11. Since the granting of the Initial Order, the CCAA Parties have continued to provide the Co-Owner and its financial advisor, PricewaterhouseCoopers ("**PwC**"), with information, including previously provided Reporting Requirements.

12. On December 12, 2019, following a request by the Co-Owner, counsel to the CCAA Parties informed Co-Owner's counsel that the CCAA Parties were working towards creating an image for their Enterprise (JDE) platform and accompanying database and that technicians would be attending Strategic Group's head office on Monday December 16, 2019, to complete the imaging. Attached hereto and marked as **Exhibit "B"** to this, my Affidavit, is a copy of the email correspondence advising Co-Owner's counsel that the imaging would be completed on December 16, 2019.

13. The requested imaging was completed on December 16, 2019.

14. At paragraph 66 of Mr. Lawson's Affidavit, sworn on December 18, 2019, Mr. Lawson, states:

"TPMT's financial advisor, PricewaterhouseCoopers ("**PwC**"), has made multiple requests to Strategic to image copies of Strategic's various computer systems in order to ensure that all necessary data is preserved and to permit TPMT to begin analyzing the movement of TPMT's co-ownership funds within the Strategic group

or externally to third parties. To date, Strategic has not completed the requested imaging”

15. I am advised by Mr. Neil Narfason that, on December 17, 2019, he attended a phone call with Counsel to the Co-Owner and PwC, wherein various representatives of the Co-Owner were informed that the Co-Owner’s requested imaging had been completed.

16. In addition to the provision of the latest Reporting Requirements and the imaging of Strategic Group’s computer systems, the Co-Owner provided a further detailed information request on December 17, 2019. Attached and marked as **Exhibit “C”** hereto is a copy of the Deliverable Tracker, outlining the Co-Owner’s additional information and document requests, sent by PwC on December 17, 2019.

(c) Customary Accounting Practices and Net Payments

17. The Co-Owner raises concerns regarding the segregation and use of funds generated from the Co-Owned Properties.

18. The Co-Owner states, at paragraph 28 of the Telus Affidavit, that separate bank accounts were never opened with respect to any of Co-Owned Properties. This is inaccurate, the CCAA Parties which have an interest in the Co-Owned Properties have traditionally maintained separate and segregated bank accounts. Furthermore, the Initial Order, at paragraph 22, states:

“The Applicants shall continue to deposit revenues in respect of each Co-Owned Property in the account maintained by the Applicant in accordance with the terms of the applicable Co-Owner’s Agreement and applicable Property Management Agreement”

19. The CCAA parties have complied with and are in compliance with the terms of the Initial Order, including paragraph 22 therein.

20. Furthermore, as part of the management of the Co-Owned Properties which are subject to these CCAA Proceedings and as a result of the direct request of representatives of the Co-Owner, all proceeds and liabilities among such Co-Owned Properties were, generally, aggregated and netted quarterly.

21. As part of the business relationship that has evolved between the Co-Owner and Strategic Group, rather than having the Co-Owner issue cheques each time an expense arises, the CCAA Parties typically pay such ongoing expenses, including the Co-Owner’s portion. The Co-Owner’s

portion of these payments are then netted against the Co-Owner's portion of proceeds derived from other Co-Owned Properties. At the end of every quarter, Strategic Group provides the Co-Owner with the above referenced Reporting Requirements, and either: (i) pays to the appropriate Co-Owner entity, as a single payment, any net profits derived during the quarterly reporting period; or, (ii) request payment from the appropriate Co-Owner entity, as a single payment, of any indebtedness, which remains due and owing following the consolidation of all proceeds and liabilities from the Co-Owned Properties.

22. With respect to the CCAA Properties, in addition to the accounting and payments made to the Co-Owner on account of all Co-Owned Properties on a quarterly basis, the 20/20 Entities also make a monthly payment to the Co-Owner of the 20/20 Property.

III. IMPLICATIONS OF PROPERTY MANAGEMENT ARRANGEMENTS

(a) Prejudice to the CCAA Parties and the CCAA Properties

23. The Service Entities are closely tied to the operation of the CCAA Parties and are not designed as profit centers. Details concerning the arrangements and structure of the Service Entities and the specific services they provide are set out in paragraphs 31 to 38 of the First Affidavit.

24. All of the CCAA Properties currently benefit from the economies of scale offered as a result of their common ownership and operating structure. They were created so that the CCAA Parties could leverage economies of scale and share the direct costs associated with the operation of the Service Entities. As a result, the CCAA Parties are able to obtain Landlord Services and Property Services at or less than market rates and, at a quality greater than market standards. These cost savings in turn decrease direct operating costs which has a corresponding positive impact on the CCAA Parties cash flows and allows the CCAA Parties to pass certain cost savings to their tenants. This provides the CCAA Properties with a key competitive advantage.

25. The Rental Portfolio is largely comprised of Class B and Class C office space in Calgary. The maintenance of Class B and Class C office space is far more labour intensive, costly, and greatly benefits from a familiarity of the properties, the buildings and all electrical, mechanical, and plumbing systems as well as a detailed knowledge of all components and structures.

26. The Service Entities have a history of providing quality Landlord Service and Property Services to all properties within the Rental Portfolio. As a result, the Service Entities, have gained

significant knowledge about each CCAA Property, and have developed an ongoing business relationship with all of the CCAA Properties' tenants.

27. The deteriorating commercial rental market in Calgary is thoroughly detailed in my First Affidavit. The removal of a long time service provider with a proven history of results and an intimate knowledge of the CCAA Properties and their tenants; especially in these market circumstances, risks prejudicing or affecting the relationship with the CCAA Properties' remaining tenants, which is likely to negatively impact the CCAA Parties' cash-flows and the value of the CCAA Properties.

(b) Prejudice to the Service Entities

28. In the event the Service Entities, which currently employ approximately 350 individuals in Calgary, no longer service any of the CCAA Properties, there will not be sufficient work to retain all employees. As a result, to the extent of the Service Entities no longer provide Landlord Service or Property Services to the CCAA Properties, the Service entities will have to immediately right size and terminate a number of their employees to a corresponding degree.

IV. RESPONSE TO SECURED LENDERS

29. The CCAA Parties have reviewed the various objections made by certain secured lenders and have proposed an alternative form of order that is designed to address those concerns. The concerns of the secured lenders (and the efforts taken by the CCAA Parties to address them) can be summarized below:

- (i) **Loss of Confidence in Management:** The CCAA Parties note that they have retained the Consultant, who has significant expertise with distressed real estate ventures. The Consultant was initially intended to be appointed as CRO of the Applicants upon the granting of a directors and officers charge. Various secured lenders have expressed concern in respect of such charge. Accordingly, the CCAA Parties now seek that the Consultant's engagement, as CRO, be approved, along with a limited D&O Charge of \$50,000, as security for potential GST obligations and liabilities;
- (ii) **Magnitude of Charges:** Given that the engagement of the CRO will be approved, the Applicants are only seeking a D&O Charge on account of potential GST exposure in the amount of \$50,000. Similarly, the Applicants have adjourned the portion of the application seeking approval of the KEIP. The primary priority charges now sought by

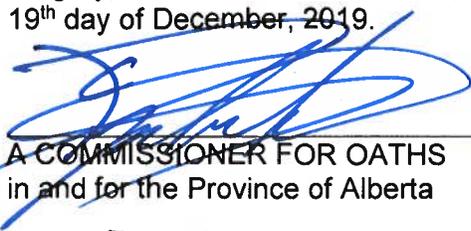
the CCAA Parties are similar to those that would be granted in a receivership; namely, a charge for fees and disbursements for borrowings;

- (iii) **Ongoing Prejudice:** Various secured lenders have testified that, absent the stay, they would utilize rental income in order to protect their property. This is precisely what the CCAA Parties propose by way of the Inter-Entity Advances, under the supervision of the Monitor and with court-ordered priority charges securing post-filing advances. The CCAA Parties have modified the relief sought such that lenders on negative cash flow properties will have the option of funding any deficiency on their property, as a form of interim financing secured against such property. Additionally, as set out below, the CCAA Parties have also modified the relief sought to permit payment of principal and interest obligations where available;
- (iv) **Sales Process:** The CCAA Parties have deferred seeking approval of a SISF at this time because they wish to engage with the secured lenders on the terms, conditions, parameters, and overall strategy of the SISF. This engagement will include the views of individual lenders on current and future market conditions and on strategies to maximize value, in light thereof;
- (v) **Related Party Service Entities:** The CCAA Parties are cognizant of the concerns expressed about the role of Service Entities in these CCAA Proceedings. While the CCAA Parties consider these entities to be essential to their ongoing operation, the CCAA Parties intend to have them added as Non-Applicant Stay Parties in the current application and will (in respect of the corporate entities) apply to add them to the within proceedings in 2020. While the Monitor already has access to the books and records of the Service Entities, as a result of the integrated nature of their operations, the revised form of Order confirms this; and,
- (vi) **Non-CCAA Parties:** The CCAA Parties are cognizant of the concerns expressed about certain related Rental Portfolio Entities that have not been included in the within proceedings. These entities do not currently require a stay. Once again the Monitor has full access to the books and records of these entities, as a result of the integrated nature of the operations, however, the revised form of Order again confirms the Monitor's access and reporting rights in respect thereof.

V. PRINCIPAL & INTEREST PAYMENTS

30. Following the implementation of the Cash Management Plan, the CCAA Parties intend to establish a protocol under which principal and interest payments may be resumed. For clarity, once the Cash Management Plan has been established, to the extent any CCAA Property is able to generate excess positive cash-flow, the corresponding CCAA Parties intend to resume the payment of monthly principal and interest payments, to the extent the positive cash flow generated allows for such payments to be made.

SWORN BEFORE ME at the City of)
Calgary, in the Province of Alberta, this)
19th day of December, 2019.)


A COMMISSIONER FOR OATHS)
in and for the Province of Alberta)

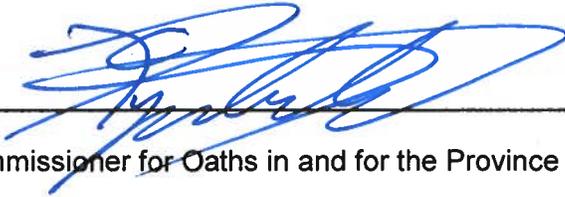
Pantelis Kyriakakis
Barrister and Solicitor


RIAZ MAMDANI

This is Exhibit "A" referred to in the Affidavit of

Riaz Mamdani

sworn before me this 19th day of December, 2019.



A Commissioner for Oaths in and for the Province of Alberta

Pantelis Kyriakakis
Barrister and Solicitor

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Partner
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December 8, 2019

Via Electronic Mail (tsandler@osler.com)

Tracy Sandler
Osler, Hoskin & Harcourt LLP
100 King Street West
1 First Canadian Place
Suite 6200, P.O. Box 50
Toronto ON M5X 1B8

Dear Tracy:

Re: Status of outstanding obligations under Property Management Agreements in respect of co-ownerships with 10727938 Canada Inc., 9827838 Canada Inc., 10108014 Canada Inc., 10460010 Canada Inc., 10480240 Canada Inc. and 9741631 Canada Inc. (collectively, the "Co-Owners")

Thank you for letter dated December 6, 2019. We have discussed the matters raised in the letter under reply with Strategic. Strategic's advice on the issues raised in the letter under reply is set out below.

In connection with the reporting issues, the following context will assist in understanding the course of conduct that has arisen between the parties. The first initial Co-Owned Project was entered into effective November 15, 2016 in relation to the 20/20 Limited Partnership. There was a period of rapid growth and expansion of the number and value of Co-Owned Properties from and after December 15, 2017. All told, the parties entered into an additional 28 Co-Owner Agreements. The reporting mandated by the Co-Owner and Property Management Agreements was not suitable for your client's purposes. Accordingly, your client specifically requested Strategic to undertake the following:

1. Provide a separate quarterly report with respect to your client's Co-Owner Interest in properties on an individual Co-Owner basis, as opposed to under and pursuant to each Co-Owner Agreement. Specifically, your client requested that Strategic account and report on the following basis:
 - (i) all office buildings in which 10460010 Canada Inc. is the Co-Owner;
 - (ii) all residential properties in which 10460010 Canada Inc. is the Co-Owner;
 - (iii) Sundance Place in which 10108014 Canada Inc. is the Co-Owner;
 - (iv) Strategic Atlantic in which 9741631 Canada Inc. is the Co-Owner;

- (v) Duncan in which 10727938 Canada Inc. is the Co-Owner;
- (vi) Kensington in which 10460010 Canada Inc. is the Co-Owner;
- (vii) 20/20 in which 9827838 Canada Inc. is the Co-Owner;
- (viii) Development projects which through Q3 of 2019 are comprised of
 - (i) Capital;
 - (ii) Cube;
 - (iii) Marda; and
 - (iv) E11even.

of which 1048420 Canada Inc. is the Co-Owner. From and after Q4 2019, your client has requested that Cube and Marda, due to the fact that these are now operating properties be accounted for separately.

Strategic worked with members of your client's Accounting and Finance Team to create a reporting template that was at once useful to your client from an internal reporting perspective and also in connection with your client's regulatory reporting. Strategic invested significant resources in terms of acquiring the necessary infrastructure and personnel to provide the reporting in the form and substance requested by your client. Strategic was pleased to do this given the nature of the relationship and in recognition of the fact that Strategic is compensated for its administrative time in connection with reporting.

Your client has received Q1 2019 and Q2 2019 reporting. In the ordinary course, the quarterly reporting is provided 45 days after the end of the applicable quarter; although there have been instances, such as the Q3 2019 reporting, where circumstances have made it impracticable to deliver within such a time-frame depending upon the Strategic team's workload and accounting for other emergent issues that might arise. In any event, Strategic appreciates and understands in the circumstances your client's desire to receive the Q3 reporting without delay. To this end, the Strategic Co-Ownership team is working diligently to finalize such accounting and Strategic is committed to providing same by December 23, 2019. Strategic will also committed to providing a draft summary of October, 2019 on December 23, 2019. Strategic would suggest that an in-person meeting be held on that same day to review the materials.

With respect to Annual Reporting, Strategic advises that the course of conduct that the parties have followed over the past several years is that a meeting is held late in December to review the Annual Plan for the Co-Owned properties. Strategic would be pleased to meet with your client's representatives during the week of either December 23 or December 30 for the purpose of conducting the Annual Review.

With respect to leasing, Strategic disagrees with the assertion that your client has had no insight into the renewals, expansions, offers or other agreements. Strategic advises that prior to June 18th, 2019, the practice between the parties was such that the manager would meet in

person or by teleconference with your client's representatives in order to discuss and, in certain instances, provide term sheets setting out the essential terms of a Lease or Agreement to Lease and, typically, the parties would agree on a course of action during the course of such meeting. Following June 18th, 2019, Strategic followed the practice contained in the co-owner agreements in respect of obtaining approval for leases in excess of 2500 square by emailing the required details to your client's representatives. Strategic's advice is your client has not responded to any emails it has sent with terms sheets on new leases or renewals.

With respect to the Sundance Place II 1000 Limited Partnership, the Sun Life Mortgage matured on November 1, 2019. No payments on account of principal and interest were due but, rather, the entire mortgage balance was due and payable.

With respect to banking arrangements, Strategic advises, and the CRO has confirmed, that there are separate, property-specific bank accounts maintained by the manager for each Co-Owned Property. The co-mingling in such accounts has been undertaken with the concurrence and direction of your client. The course of conduct that has arisen is that the parties agreed to move funds as between your client's Co-Owned Properties irrespective of whether such Co-Owned Properties were the subject of the same Co-Owners Agreement. The rationale for such fund movements is that, in those instances where one of your client's individual Co-Owners was an investor in a property that would otherwise have required it to satisfy a cash call, the manager is authorized to transfer money from the same Co-Owner's interest in another property that has sufficient funds to permit it to undertake the transfer.

Strategic appreciates the fact that in the circumstances your client requires assurances that none of its property has been utilized in a fashion that does not accord with the course of conduct and we repeat Strategic's commitment to work cooperatively with your client, and the Monitor to provide the reconciliation that has been requested.

In our telephone conversation of December 7, 2019, Osler communicated the following formal requests on behalf of its client:

- i. That Strategic grant immediate access to your client's financial advisor, PricewaterhouseCoopers LLP ("**PwC**"), to all co-owner books and records so that PwC may commence an analysis and review of the co-owner accounts;
- ii. That Strategic agrees to image its servers; and
- iii. While perhaps not a formal request, we also discussed your client's needs in relation to obtaining information to complete its appraisals.

With respect to granting PwC access, as discussed and as we know you appreciate, all efforts are presently focussed on attempting to assemble the information necessary for the first day order and, if granted, all efforts will be on preparing for the come back hearing. We anticipate that Strategic and us will be inundated with requests from mortgagees, other creditors, and stakeholders. Strategic thus requests that your client allow it to focus on the impending CCAA applications. As discussed, Mr. Narfason and the Monitor will be working with the Strategic co-owner team to review and deliver the Q3 report and initial October, 2019 materials by December 23, 2019 and to thereafter provide reporting for October, November and December. As a measure of good faith, however, Strategic, if PwC would like, will make members of its finance

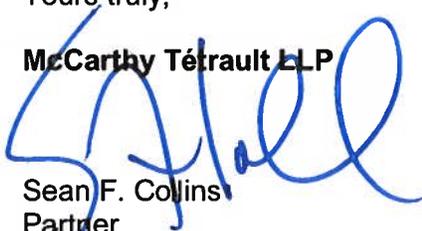
and property accounting team available for an introductory meeting with Mr. Vermette during the latter part of the upcoming week. This may afford PwC an opportunity to gain an understanding of the internal processes which may then assist in PwC organizing itself to ask questions / seek access once the reporting is delivered.

With respect to the information required for your client to undertake its appraisals, Strategic advises that it has been responding to information requests following your client's advice on November 14, 2019 and November 19, 2019 that your client is undertaking appraisals for 9 properties. Information was provided to CBRE and Altus on November 21, 2019 and November 29, 2019 / December 6, 2019, respectively. There have been follow-up requests. In the circumstances, the team has not had the time to respond to the follow-up requests. As discussed in our conversation of yesterday, we query whether, from the intended negotiation perspective, whether duelling appraisals will assist the negotiation and we would like to discuss this with you further.

We appreciate the opportunity to continue the dialogue with you, PwC and your clients in relation to this matter in the current challenging circumstances. Strategic will make its personnel, including Mr. Narfason, available at your client's convenience in an attempt to answer any questions and deal with any concerns that your client may have in the interim period prior to the provision of the interim reporting.

Yours truly,

McCarthy Tétrault LLP



Sean F. Collins
Partner

SFC/aj

c: client

This is Exhibit "B" referred to in the Affidavit of

Riaz Mamdani

sworn before me this 19th day of December, 2019.

A handwritten signature in blue ink, appearing to be 'Pantelis Kyriakakis', written over a horizontal line.

A Commissioner for Oaths in and for the Province of Alberta

Pantelis Kyriakakis

Barrister and Solicitor

Doran, Katie

From: Collins, Sean F.
Sent: Thursday, December 12, 2019 8:16 PM
To: Sandler, Tracy
Cc: clinton.l.roberts@pwc.com; Gorman, Howard A.; Themelis, Lucinda
Subject: RE: data imaging

Tracy,

Our client is working with MT>3, a division of McCarthy Tétrault to have a mirror image created for their Enterprise (JDE) platform and accompanying data base (SQL). The business records that reside on this server include all Strategic Group entities and are comprised of the following:

Financial

- Accounts Receivable
- Advanced Operations Finance
- Accounts Payable
- General Accounting
- Fixed Assets
- Contract Billing
- Budgeting

Leasing

- Daily and Periodic Processing and System management (buildings, units, spaces)

Real Estate Management

- Daily and Periodic Processing and Advanced Real estate Forecasting

Project Management

- Job cost Setup, Procurement, approvals, Inquiries, Reports

Procurement

- Purchase orders
- Contracts
- New Deals
- Po Approval
- Inquiries
- Reports

Maintenance

- Equipment Management
- Preventative Maintenance
- Work Order Management
- Inquiries, Reports

Management Reporting

- Rent Rolls
- Accounts Receivable

- Occupancy/Vacancy

Portfolio Analysis

- Operating Statements
- Integrity Reports
- Investor Reports

It is anticipated that the MT>3 technicians will attend at Strategic's head office on Monday morning to undertake the imaging. The image will be saved on a hard drive and will be stored in a secure and locked evidence locker on our premises. The hard drive is our clients' property and we will retain it in our capacity as counsel. We will only release the hard drive upon our clients' instructions or pursuant to a court order granted by a court having jurisdiction.

Please let me know if you have any questions regarding the foregoing.

Regards,



Sean Collins

Partner | Associé
Bankruptcy and Restructuring | Faillite et restructuration
T: 403-260-3531
C: 403-607-8534
F: 403-260-3501
E: scollins@mccarthy.ca

McCarthy Tétrault LLP

Suite 4000
421 - 7th Avenue SW
Calgary AB T2P 4K9



From: Sandler, Tracy <TSandler@osler.com>

Sent: Thursday, December 12, 2019 4:55 PM

To: Collins, Sean F. <scollins@MCCARTHY.CA>

Cc: clinton.l.roberts@pwc.com; Gorman, Howard A. <howard.gorman@nortonrosefulbright.com>; Themelis, Lucinda <LThemelis@osler.com>

Subject: data imaging

Hi Sean. Can you please provide an update on the data imaging for us following today's discussions?

Thanks.

OSLER

Tracy Sandler

Partner, Insolvency & Restructuring

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copyright. Any unauthorized use or disclosure is prohibited.

Le contenu du présent courriel est privilégié, confidentiel et
soumis à des droits d'auteur. Il est interdit de l'utiliser ou
de le divulguer sans autorisation.

This is Exhibit "C" referred to in the Affidavit of

Riaz Mamdani

sworn before me this 19th day of December, 2019.



A Commissioner for Oaths in and for the Province of Alberta

Pantelis Kyriakakis
Barrister and Solicitor

Item	Date requested	Date of receipt	Area	Requested item	Priority	Response	
1	07-Dec-19			Initial request to the Company	Q3 reports	Primary	
2	07-Dec-19			Initial request to the Company	Summary of cash movement between entities	Primary	
3	11-Dec-19	Partly received 12 Dec 19		Initial request to the Monitor	Up to date Rent Roll	Primary	Received October 2019s, would be good to get as up to date as possible.
4	11-Dec-19			Initial request to the Monitor	Latest "complete" NOI statements	Primary	Have Dec forecast nothing for June - November
5	11-Dec-19			Initial request to the Monitor	Leasing summary report (pertinent details...tenant, square foot, lease term, rate, etc.);	Primary	
6	11-Dec-19			Initial request to the Monitor	Property and asset management contracts with SRMC	Primary	
7	11-Dec-19	Partly received 17-Dec-19		Initial request to the Monitor	Summary of rents collected for each property in the first two weeks of December.	Primary	December rent received for CCAA entities only
8	11-Dec-19	16-Dec-19		Initial request to the Monitor	Payable listing for each of the properties	Primary	Creditors listing posted on H&K website Dec 16
9	13-Dec-19	15-Dec-19		Initial CFF queries	The cash flow in Riaz's affidavit (screenshot of table at bottom of email) states that the Cube property has a \$71k positive NOI which after \$5k of other fees becomes a -\$31k cash flow from operations figure. It is a \$97k swing that hits the closing cash balance but gives no explanation for why that cash has been deducted. The cashflow also states the E11even property has \$23k positive NOI which after \$12k additional fees becomes -\$52k cash flow from operations. This is a \$63k swing, Marda has a \$4k swing in the opposite direction. What is causing this?	Primary	1. There is a column for "development costs" that was erroneously hidden on production of the Audeamus roll-up schedule in the Affidavit as it only relates to the development properties. The figures are...Cube - \$97,021, E11even - \$62,543 and Marda - \$4,279.
10	13-Dec-19	15-Dec-19		Initial CFF queries	Are there overdrafts on the bank accounts that allow the opening cash to be negative?	Primary	2. Overdraft facilities are not in place. As set out in Paragraph 19(a) of the Proposed Monitor's Report, the forecast contemplates outstanding cheques eventually clearing with the intention that they would be covered by forecasted December revenues.
11	13-Dec-19	17 Dec 19		Initial CFF queries	Are the receipts/revenues a full months rent, or what remained to be collected from December's rent roll? Will Januaries be much higher than December?	Primary	3. The revenues reflected in the forecasts represent the projected rent for the entire month of December and do not contemplate collection of any outstanding rents. January rents should generally be similar to December.
12	13-Dec-19	17 Dec 19		Initial CFF queries	I note that the asset management costs for properties with similar monthly revenues/receipts are quite different. Eg Blackfoot \$208k of receipts, mgmt fee of \$11,916. Bonavista \$225k of receipts, mgmt fee of \$5,232. Is this occupancy rate driven?	Primary	Asset management costs are charged on a per square foot basis for commercial and per unit for residential. The charges are not tied to occupancy.
13	13-Dec-19	17 Dec 19		Initial CFF queries	Why is Sundance Place Capital and Leasing costs so high (\$177k) - is this run rate, or one off? Similar question re Place 9-67 has Why are some of the Capital and Leasing costs income and others expenses? What do we get compensated for?	Primary	Sundance Place - Leasing and Capital for includes \$174,150 for Tenant Improvements for Unit #124 (Crystal's Medical Clinic). Lease commences January 2020. Place 9-6 - Leasing and Capital includes \$10,000 for tenant improvements and Landlord Build Out of \$49,387 relating to Absolute Imaging. Lease commences January 2020 Leasing and Capital includes Tenant Improvements, Landlord Work, Leasing Commissions, Building Capital and Asset Management Overhead. In certain months the adjustment for Building Capital creates a recovery which is an offset against operating expenses. When Building Capital is reflected as an expense, it represents an allowance for capital spending. In light of the formatting of their reports, they did not have time to net the amount against the operating expense line.
14	13-Dec-19	17 Dec 19		Initial CFF queries	Sundance 1000 - if rents are being attained, what funds are used to pay the asset manager?	Primary	Cash Flow had an opening balance of \$138,372 which is forecast to pay December operating costs. Going forward (January 2020) there is an assumption the rent attainment will cease.
15	17 Dec 19			Financial	CFF of service entities as discussed with NN, SC and Monitor on December 17	Primary	
16	15-Dec-19			Financial	Operating statements for YTD 2019 (e.g. to Oct 2019) and past 3 years	Secondary	
17	15-Dec-19			Financial	Variance report for YTD 2019 comparing actuals to budget, with explanations for all material variances	Secondary	
18	15-Dec-19			Financial	Property balance sheet as at latest balance sheet date (e.g. as at Oct 31, 2019) with supporting detail:	Secondary	
19	15-Dec-19			Financial	A/R subledger, separating lease arrears from other receivables	Secondary	
20	15-Dec-19			Financial	A/P subledger (as at latest balance sheet date and as at filing date)	Secondary	
21	15-Dec-19			Financial	Intercompany receivables/payables details (including all cash movement between entities)	Secondary	
22	15-Dec-19			Financial	CY19 distributions analysis to owners	Secondary	
23	15-Dec-19			Financial	Bank reconciliation as at the 31's date with bank statement	Secondary	
24	15-Dec-19			Financial	Operating budget for 2020, with commentary	Secondary	
25	15-Dec-19			Financial	Property tax assessments for 2018 and 2019	Secondary	
26	15-Dec-19			Financial	Property tax statement as at latest date available	Secondary	
27	15-Dec-19			Tenant/Real Estate	Lease abstracts for all active leases	Secondary	
28	15-Dec-19			Tenant/Real Estate	Copies of all leases & occupancy agreements	Secondary	
29	15-Dec-19			Tenant/Real Estate	Copies of any Tenant lease default documentation	Secondary	
30	15-Dec-19			Tenant/Real Estate	Outstanding Tenant Improvement work	Secondary	
31	15-Dec-19			Tenant/Real Estate	Summary of renewal status/discussions for each lease that matures in next 12 months	Secondary	
32	15-Dec-19			Tenant/Real Estate	New leases/tenant opportunities summary as at Nov 30, 2019 (listing of all potential new tenant opportunities with status commentary)	Secondary	
33	15-Dec-19			Tenant/Real Estate	Information/summaries of how good/bad tenant is (e.g. tenant credit quality, lease compliance, notices sent)	Secondary	
34	15-Dec-19			Tenant/Real Estate	Broker listing agreements for each property	Secondary	
35	15-Dec-19			Tenant/Real Estate	Outstanding Tenant Improvement allowances	Secondary	
36	15-Dec-19			Tenant/Real Estate	Copy of detailed forward leasing budget forecast for each property	Secondary	
37	15-Dec-19			Tenant/Real Estate	Detailed CAM breakdown current year and next year estimate	Secondary	
38	15-Dec-19			Building/Site Condition Reports:	Latest environmental assessment reports (Phase 1, Phase 2)	Secondary	
39	15-Dec-19			Building/Site Condition Reports:	Latest building condition assessment report	Secondary	
40	15-Dec-19			Building/Site Condition Reports:	Capital expenditures summary for past 3 years	Secondary	
41	15-Dec-19			Building/Site Condition Reports:	Capital expenditures/maintenance budget for 2019 and 2020	Secondary	
42	15-Dec-19			Building/Site Condition Reports:	Preventative maintenance budget for next 5 years, if available	Secondary	
43	15-Dec-19			Building/Site Condition Reports:	Copy of latest 3rd party appraisal	Secondary	
44	15-Dec-19			Building/Site Condition Reports:	Copy of latest survey	Secondary	
45	15-Dec-19			Lenders	Mortgage documentation for all mortgages (1st, 2nd)	Secondary	
46	15-Dec-19			Lenders	Mortgage balance statements as at Nov 30, 2019	Secondary	
47	15-Dec-19			Lenders	Information on any blanket mortgages (ie security over multiple properties)	Secondary	
48	15-Dec-19			Other	Summary of all claims, notices of claims or litigation against the property/entity (e.g. slip & falls, breach of contract, negligence)	Secondary	
49	15-Dec-19			Other	Summary of any liens (construction, mechanics, pending litigation) filed or noticed	Secondary	
50	17 Dec 19			Rent roll	The updated Rent roll only for CCAA entities. Are there rent rolls and CFF for all TELUS properties. available?	Primary	
51	17 Dec 19			Rent roll	Do you have a tracking list of the tenants that have left during November and December? Can you please also provide updated LHS for the remaining entities	Primary	
52	17 Dec 19			CF sent Dec 15	Duncan Atlantic Portfolio Marda Capital Cube E11even Claridge CN Tower 906 (Dominion Place) Missao Barron 1st Barron 2nd Atlantic Portfolio Sundance 1000 & 5000	Primary	
53	17 Dec 19			CF sent Dec 15	Can you provide the principal and interest costs that would have applied for the period Dec - Mar	Primary	
54	17 Dec 19			Initial cashflow in Riaz's 1st Affidavit	Riaz's first affidavit shows 2 cashflow forecasts per entity - 1 weekly for Dec and 1 monthly to Mar. We have interpreted the weekly cashflow as the most accurate for Dec - is this correct?	Primary	
55	17 Dec 19			CF sent Dec 15	What makes up total expense recoveries balance for each property?	Primary	
56	17 Dec 19			CF sent Dec 15	What makes up the other income line for each property?	Primary	
57	17 Dec 19			CF sent Dec 15	What values are in operating expense lines? Can you provide a breakdown for all TELUS entities?	Primary	
58	17 Dec 19			CF sent Dec 15	What values are in management fees and manager out of pocket expenses? Can you provide a breakdown for all TELUS entities?	Primary	
59	17 Dec 19			CF sent Dec 15	What costs are allocated to the Direct cost line? Can you provide a breakdown for all TELUS entities?	Primary	
60	17 Dec 19			CF sent Dec 15	What costs are allocated to the Utilities line? Can you provide a breakdown for all TELUS entities?	Primary	
61	17 Dec 19			CF sent Dec 15	How is the asset management overhead calculated for each entity?	Primary	
62	17 Dec 19			CF sent Dec 15	Why are there no restructuring costs in IEC for December?	Primary	
63	17 Dec 19			CF sent Dec 15	CFF sent to us by Sean C and CFF in Riaz affidavit/Monitor report - which is more up to date.	Primary	