



**First Report of
KSV Restructuring Inc.
as Receiver of
La Pue International Inc.**

December 13, 2023

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COURT FILE NO.: CV-23-00700695-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

BETWEEN:

MARSHALLZEHR GROUP INC.

APPLICANT

- AND -

LA PUE INTERANTIONAL INC.

RESPONDENT

**FIRST REPORT OF
KSV RESTRUCTURING INC.
AS RECEIVER**

DECEMBER 13, 2023

1.0 Introduction

1. This report (“Report”) is filed by KSV Restructuring Inc. (“KSV”) in its capacity as receiver (the “Receiver”) of the assets, undertakings, and properties of La Pue International Inc. (the “Company”) acquired for, or used in relation to a business carried on by the Company.
2. Pursuant to an Order of the Ontario Superior Court of Justice (Commercial List) (the “Court”) made on October 19, 2023, KSV was appointed Receiver.
3. The Company’s principal asset is the real property municipally known as 5528 Ferry Street, Niagara Falls, Ontario (the “Real Property”).
4. The principal purpose of the receivership proceeding is to conduct a Court-supervised sale process for the Real Property that maximizes value for the Company’s stakeholders.

1.1 Purposes of this Report

1. The purposes of this Report are to:
 - a) provide an update on the receivership proceeding;
 - b) advise the Court of the status of purchase agreements that were entered into between homebuyers (the “Homebuyers”) and the Company prior to these receivership proceedings;

- c) provide the Court with information in support of the Receiver's request for an order, among other things, approving a process pursuant to which the Real Property is to be marketed for sale by the Receiver (the "Sale Process"), including the retention of Colliers Macaulay Nicolls Inc. ("Colliers") to act as listing agent pursuant to the terms of a listing agreement attached as Appendix "A" (the "Listing Agreement").

1.2 Currency

1. All currency references in this Report are to Canadian dollars, unless otherwise noted.

1.3 Restrictions

1. In preparing this Report, the Receiver has relied upon information, including financial information provided by Marshallzehr Group Inc. ("Marshallzehr"). The Receiver has not audited, reviewed or otherwise verified the accuracy or completeness of the information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook.
2. The Receiver expresses no opinion or other form of assurance with respect to the financial information presented in this Report or relied upon by the Receiver in preparing this Report. Any party wishing to place reliance on the Company's financial information should perform its own diligence.

2.0 Background

1. The Company is a single purpose entity that owns the Real Property. Pawel Fugiel is the sole officer and director of the Company ("Fugiel").
2. The Company planned to develop and construct on the Real Property three mid-rise buildings consisting of one mixed-use, one hotel and one residential building on the Property (the "Project").
3. Following its appointment, on October 23, 2023, the Receiver wrote to Fugiel to request information regarding, among other things, the Company's creditors. In November 2023, the Receiver also requested during telephone conversations with Fugiel that he provide, among other things, the Company's books and records. Despite numerous follow up attempts via email and telephone calls, the information requested by the Receiver has not been provided.

2.1 Homebuyers

1. Prior to the receivership proceedings, the Receiver understands the Company pre-sold over 350 condominium units (the "Pre-Sale Units") and collected approximately \$42.7 million in deposits.
2. The Receiver has confirmed that the deposits are being held in trust with an escrow agent, Sullivan Mahoney LLP (the "Escrow Agent"), in accordance with the terms of a Deposit Trust Agreement among the Company, Sovereign General Insurance Company ("SGIC"), the surety, and the Escrow Agent.

3. In order to keep Homebuyers apprised of developments in the receivership proceedings, the Receiver has requested that Fugiel provide copies of all agreements of purchase and sale regarding the Pre-Sale Units. The Receiver intends to provide the Court an update at the return of this motion regarding the status of its request.

2.2 Secured Creditors

1. Pursuant to a commitment letter dated November 15, 2021, as amended, MarshallZehr agreed to provide a loan of \$12,375,000 to the Company secured by a mortgage on the Property (the "Loan") for the purpose of refinancing the existing mortgage on the Real Property.
2. In addition to the mortgage granted by the Company in connection with the Loan, the following parties have registered charges on title to the Property subsequent to the registration of MarshallZehr's mortgage:
 - SGIC has registered a charge in the amount of \$12.0 million; and
 - Five construction lien claimants have registered charges totalling approximately \$12.9 million.
3. According to a search of the *Personal Property Security Act* (Ontario) registry system, MarshallZehr, SGIC, Policaro Leasing Ltd. and Newroads Automotive Group Ltd. have financing statements registered against the Company.

3.0 Sale Process

3.1 Request for Proposals from Realtors

1. Following its appointment, the Receiver solicited proposals from two realtors to act as listing agent to market and sell the Real Property. The retention of the selected realtor is subject to Court approval. KSV has previously worked with each of the prospective realtors and each of the realtors has considerable experience selling residential development land in the Niagara area.
2. The Receiver requested that each realtor provide background information regarding each firm's experience, a marketing plan for the Real Property, an estimate of the value of the Property and the realtor's proposed commission structure.
3. Both realtors submitted proposals.
4. The Receiver recommends that the Court approve the Receiver retaining Colliers as listing agent for the Real Property for the following reasons:
 - a) MarshallZehr, as the largest secured creditor, supports the retention of Colliers;
 - b) the Colliers team managing the mandate has experience selling residential sites in the Niagara area,
 - c) Colliers managed the sale of the Real Property in 2018;

- d) KSV has previously retained the Colliers team that will be responsible for this mandate on other similar mandates where the Colliers team achieved strong results; and
- e) Colliers’s proposed commission rate is reasonable based on KSV’s experience selling real estate. The commission rate is acceptable to MarshallZehr.

3.2 Sale Process

1. The recommended Sale Process is summarized in the table below. All dates reflected below will commence running from the date that the Court grants an order approving the Sale Process.

Summary of Sales Process		
Milestone	Description of Activities	Timeline
<i>Phase 1 – Underwriting</i>		
Prepare marketing materials	<ul style="list-style-type: none"> ➤ Colliers and the Receiver to: <ul style="list-style-type: none"> ○ prepare a teaser and confidential information memorandum (“CIM”) for each Project; ○ populate virtual data rooms for each Project; and ○ prepare a confidentiality agreement (“CA”). 	2 weeks
Prospect Identification	<ul style="list-style-type: none"> ➤ For the Real Property, Colliers to: <ul style="list-style-type: none"> ○ develop master prospect lists; ○ prioritize prospects; ○ have pre-marketing discussions with targeted prospects; ○ engage in discussions with planners, consultants and municipalities; and ○ consult with the Receiver regarding the above. 	
<i>Phase 2 – Marketing and Diligence</i>		
Stage 1	<ul style="list-style-type: none"> ➤ Mass market introduction, including: <ul style="list-style-type: none"> ○ sending offering summary and marketing materials, including marketing brochure to each Colliers’ client base, including specifically targeted prospects; ○ publishing the acquisition opportunity in such journals, publications and online as the realtor and the Receiver believe appropriate to maximize interest in this opportunity; ○ posting “for sale” signs on each Real Property, to the extent applicable; ○ engaging in direct canvassing of most likely prospects and tailoring the pitch to each of these candidates based on the brokers knowledge of these parties; 	Commencing January 8, 2024

Summary of Sales Process		
Milestone	Description of Activities	Timeline
	<ul style="list-style-type: none"> o posting the acquisition opportunity on MLS for each Project on an unpriced basis, if requested by the Receiver; and o meeting with prospective bidders to explain the potential of each site. ➤ Receiver and its legal counsel to prepare a Vendor’s form of Purchase and Sale Agreement (the “PSA”) which will be made available to prospective purchasers in each virtual data room. ➤ Colliers to provide additional information to qualified prospects which execute the CA, including access to data rooms and a copy of the CIM. ➤ Colliers and Receiver to facilitate diligence by interested parties. 	
Stage 2 – Bid Deadline	<ul style="list-style-type: none"> ➤ Prospective purchasers to submit offers in the form of the PSA, with any changes to the PSA blacklined. 	Estimated date is 5 weeks from the marketing launch. Subject to market response and timing of winter holidays.
<i>Phase 3 – Offer Review and Negotiations</i>		
Short-listing of Offers and Selection of Successful Bids	<ul style="list-style-type: none"> ➤ Colliers to collect, summarize and provide to the Receiver commentary on initial bids received to the Receiver. Receiver will consult with Mortgagees on the offers received. ➤ Short listing of bidders. ➤ Bidders may be asked to improve their offers. The Receiver may invite parties to participate in as many rounds of bidding as is required to maximize the consideration and minimize closing risk. The Receiver may also seek to clarify terms of the offers submitted and to negotiate such terms. ➤ The Receiver will be at liberty to consult with MarshallZehr regarding the offers received, subject to any confidentiality requirements that the Receiver believes appropriate. ➤ The Receiver will select the successful bidder(s), having regards to, among other things: <ul style="list-style-type: none"> o total consideration (cash and assumed liabilities); o form of consideration, including the value of any carried interest; o third-party approvals required, if any; 	2 weeks from offer bid deadline.

Summary of Sales Process		
Milestone	Description of Activities	Timeline
	<ul style="list-style-type: none"> o conditions, if any, and time required to satisfy or waive same; and o such other factors affecting the speed and certainty of closing and the value of the offers as the Receiver considers relevant. 	
Sale Approval Motion(s) and Closing(s)	➤ Upon execution of definitive transaction documents, the Receiver will seek Court approval of the successful offer(s), on not less than 7 calendar days' notice to the service list and registered secured creditors.	15 to 30 days from the date that the selected bidder confirms all conditions have been satisfied or waived
Closings	➤ Following Court approval	ASAP

2. The Sale Process will be subject to the following additional terms:

- a) the Real Property will be marketed on an “as is, where is” basis;
- b) the Receiver will be entitled to extend any deadlines in the Sale Process if it considers it appropriate or necessary in the circumstances;
- c) the Sale Process will not commence until January 2024 which will ensure all interested parties have time to review the marketing materials;
- d) the Receiver will have the right to reject any and all offers, including the highest dollar value offer(s);
- e) any transaction will be subject to Court approval;
- f) Marshallzehr will have the right to credit bid the debt owing to it in respect of a Real Property at the conclusion of the Sale Process if the offers are not sufficient to repay its mortgages on such Real Property in full;
- g) the Receiver and MarshallZehr have been discussing the sale of the Real Property with several interested parties. Accordingly, the Receiver has negotiated a carveout from the Listing Agreement for these parties (“Prior Interested Parties”). If a transaction is closed with any of the Prior Interested Parties, Colliers will receive a work fee of \$100,000. In addition, if MarshallZehr credit bids its debt to purchase the Real Property, Colliers will receive a work fee of \$100,000. The work fee is significantly less than the commission to which Colliers would otherwise be entitled to.

3.3 Sale Process Recommendation

1. The Receiver recommends that the Court issue an order approving the Sale Process for the following reasons:
 - a) Colliers's team has extensive experience selling undeveloped residential properties and its commission structure is consistent with market rates;
 - b) MarshallZehr supports the engagement of Colliers and the proposed Sale Process;
 - c) the Sale Process is a fair, open and transparent process intended to canvass the market broadly on an orderly basis in order to obtain the highest and best price;
 - d) the duration of the Sale Process is sufficient to allow interested parties to perform diligence and to submit offers. The Receiver will also have the right to extend or amend timelines, as it considers necessary, to maximize value. Colliers believes that the duration of the Sale Process is sufficient to fully canvass the market;
 - e) the Sale Process includes procedures commonly used to sell real estate development projects, including by KSV in other court-supervised real property sale processes; and
 - f) there will be no delay commencing the Sale Process as each of the realtors is preparing its marketing materials, working on their prospect lists and, with the Receiver, updating data rooms.

4.0 Conclusion and Recommendation

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

* * *

All of which is respectfully submitted,

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.,
SOLELY IN ITS CAPACITY AS RECEIVER OF
LA PUE INTERNATIONAL INC.
AND NOT IN ITS PERSONAL OR IN ANY OTHER CAPACITY**

Appendix “A”

This Listing Agreement (the "**Agreement**") is entered into between **Colliers Macaulay Nicolls Inc.** (the "**Listing Brokerage**") and **KSV Restructuring Inc.** (the "**Seller**") in its capacity as receiver (the "**Receiver**") of all the assets, undertaking and properties of La Pue International Inc., including the real property located at 5528 Ferry Street, Niagara Falls, Ontario (the "**Real Property**"), without personal or corporate liability and solely in its capacity as Receiver. The Receiver was appointed pursuant to an order (the "**Receivership Order**") of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") issued on October 19, 2023. Pursuant to the Receivership Order, the Receiver is authorized to, among other things, market and sell the Real Property with the approval of the Court.

Notwithstanding anything contained in the Agreement, each of Listing Brokerage and the Seller acknowledges and agrees as follows:

1. Termination Rights. The Seller may without penalty or cost to the Seller terminate the Agreement at any time, if the Listing Brokerage is in default hereunder or under any other agreement with the Seller. In addition, this Agreement shall automatically terminate if: (a) the Receivership Order is revoked, overturned on appeal, suspended or terminated; and/or (b) the Seller is restricted in or enjoined from dealing with the Real Property by a court of competent jurisdiction; and/or (c) any of the mortgagees of the Real Property, lien claimants or any other future lenders are permitted by court order to enforce their rights and/or remedies against the Real Property.

2. Price. While it is the Seller's intention to obtain the highest and best offer for the Real Property, the Listing Brokerage acknowledges and agrees that the Seller need not accept the highest offers and/or the best offers or any offer, and that acceptance by the Seller of any offers for the Real Property are subject at all times to the Seller's approval in its sole and absolute discretion and as well as approval by the Court. No fee, commission or other compensation is payable to the Listing Brokerage (except as detailed in Section 6 below) in respect of the Real Property unless and until the sale of the Real Property has been completed and the purchase price consideration payable to the Seller has been paid in its entirety.

3. Holdover Period Commission. Any fee, commission or other compensation payable to the Listing Brokerage in connection with a holdover period, being six months from the termination of the Listing Agreement ("**Holdover Period**"), shall: (a) only apply to those purchasers who were introduced to the Seller or to the Real Property by the Listing Brokerage during the listing period and who the Listing Brokerage has previously disclosed in writing to the Seller no later than three (3) days following the earlier of the expiration or termination of the Agreement; and (b) be reduced by any fee, commission and/or other compensation paid to another broker or agent for the sale of the Real Property as the new Listing Brokerage (the "**New Agent**") on the basis of an agreement with the New Agent entered into with respect to the Holdover Period. If the Listing Brokerage had introduced up to a maximum of two (2) different prospective bona fide purchasers to the Seller during the Listing Period (each being a "**Serious Prospect**") and said Serious Prospect had entered into material negotiations with the Seller to purchase the Real Property, but said material negotiations had not resulted in a binding agreement of purchase and sale, then to the extent that each of the Listing Brokerage and the Seller agree in writing to designate said prospective purchaser as a Serious Prospect prior to the expiration of the Listing Period, and so long as the Seller is not prohibited from doing so, and provided that the New Agent has agreed to forego its fee should a sale to a Serious Prospect be completed, the Listing Brokerage shall be entitled to its commission in connection with the transaction being completed with the Serious Prospect upon terms and conditions acceptable to the Seller in their sole and absolute discretion, which transaction must be subject to Court approval and a binding and unconditional agreement of purchase and sale executed by each of the parties thereto prior to the expiration of the Holdover Period. During the Holdover Period, the Listing Brokerage will not be entitled to any commission, payment or fee as the Seller's agent if the Listing Team (as defined below) represents the purchaser.

4. Listing Brokerage's Duties. The Listing Brokerage covenants and agrees with the Seller to:

(a) pursuant to the Seller's instructions as outlined below, offer the Real Property for sale on an unpriced basis (save and except as described in (b) below with respect to the Multiple Listings Service ("**MLS**");

(b) if instructed by the Seller, offer the Real Property for sale on MLS, for which the listed price shall be \$1.00, or as otherwise directed by the Seller, and the Commissions to Co-operating Brokerage shall be as listed on Schedule "A";

(c) unless otherwise agreed by the Seller, diligently market the Real Property for sale and use commercially reasonable efforts to sell the Real Property pursuant to the process set out in Schedule "B" attached hereto (the "**Sale Process**");

(d) co-operate with all licensed real estate brokers and agents in the sale of the Real Property (collectively the "**Cooperating Agents**" and each a "**Cooperating Agent**"), with any commissions or fees of such Cooperating Agents to be paid by the Seller as set out in Schedule "A";

(e) ensure that there is continuity in the assignment of individual staff members and partners to the work performed by the Listing Brokerage under the terms of this engagement. In particular, the Listing Brokerage agrees to ensure that individual staff members originally assigned, including Jeremiah Shames and Victor Cotic (jointly, the "**Listing Team**"), to perform work in connection with the Listing Brokerage's engagement, will each be available and will devote the time required to undertake the assignment contemplated herein;

(f) subject to the instructions of the Seller, to assist the Seller in negotiating binding agreements of purchase and sale subject to Court approval with those parties identified by the Seller. Only the Seller shall have authority to accept offers and the Listing Brokerage shall not have any authority whatsoever to enter into any sale, financing or other contract on behalf of the Seller and/or to otherwise bind the Seller in any manner whatsoever;

(g) continue to assist the Seller in connection with the sale of the Real Property and seeking Court approval after the execution of a binding agreement of purchase and sale with respect to the same until such sale has been successfully concluded; and

(h) unless the Seller's written consent is provided in advance, to act solely for the benefit of the Seller in connection with the marketing and sale of the Real Property and not to have any direct or indirect interest in any entity purchasing or proposal to purchase the Real Property and not to receive any payments or other benefits from said purchasers or potential purchasers.

5. Commission Payable to the Listing Brokerage. Subject to the terms set out herein, the Seller shall pay to the Listing Brokerage upon the successful completion of sale of the Real Property, a commission payable in accordance with Schedule "A" attached hereto (the "**Listing Fee**"). The Seller acknowledges that payment of HST applies on all commissions payable. As it relates to the commission payable, a sale constitutes a Court approved sale of the Real Property, share transaction, exercise of first right to purchase, option or other form of sale or transfer of the rights of the Real Property. The Seller agrees to notify the Listing Brokerage of the successful completion or closing. The Seller hereby instructs its solicitors to distribute payment to the Listing Brokerage in the amount noted above directly out of the proceeds of sale in accordance with an accepted agreement of purchase and sale and to have same addressed as a closing cost to the transaction.

6. Refinancing and Credit Bid Fees. If anytime during the listing period, as provided in Section 18, the Court approves:

(i) a refinancing of the mortgage on the Real Property by the La Pue International Inc. or people or entities related to them that results in a discontinuation of the Sale Process, the Listing Brokerage shall be entitled to a fee of \$100,000 (plus applicable taxes and actual disbursements); or (ii) a credit bid by a mortgagee of the Real Property, the Listing Brokerage shall be entitled to a fee of \$100,000 (plus applicable taxes and actual disbursements), and in either case no Listing Fee shall be payable.

7. Acknowledgments. The Listing Brokerage acknowledges and agrees in favour of the Seller that: (a) the Real Property is to be marketed and sold on an "as is, where is" basis and, accordingly, any agreement of purchase and sale shall provide an acknowledgment by such purchaser that the Real Property is being sold by the Seller on an "as is, where is" basis, and that no representations or warranties have been or will be made by the Seller or anyone acting on its behalf, to the Listing Brokerage or such purchaser as to the condition of the Real Property or any buildings located thereon; (b) the Seller may annex a schedule to the transfer/deed of land (or other registrable document with respect to the sale) expressly excluding any covenants deemed to be included pursuant to the *Land Registration Reform Act* of Ontario, other than one to the effect that the Seller has the right to convey the Real

Property; (c) in lieu of a transfer/deed of land for the Real Property, the Seller will vest title to the Real Property by way of an approval and vesting order issued by the Court; and (d) the sale of the Real Property requires the prior approval of the Court in said Court's sole and absolute discretion.

8. Advertisement Expenses, Third Party Consultants and Reporting. All advertising and sales promotion shall be subject to the approval of the Seller and all such advertisement and promotional material shall be prepared, published and distributed by the Listing Brokerage and shall be at the expense of the Listing Brokerage. All third-party reports and legal service fees requested and/or approved by the Seller shall be at the expense of the Seller. The Listing Brokerage agrees to provide the Seller with detailed reporting regarding the status of the Sale Process, including weekly lists of its solicitation efforts, the parties interested in the opportunity, the status of their diligence and such other information as is reasonably requested by Seller to be kept apprised of all material developments in the Sale Process. The Listing Brokerage will participate in no less than one weekly update call with the Seller, in Seller's discretion.

9. Indemnity. The Listing Brokerage confirms that it owes an obligation to the Seller and its officers, employees and agents (collectively, the "**Indemnified Parties**") to carry out its activities in a competent and professional manner acting reasonably and in good faith. As such, the Listing Brokerage hereby indemnifies the Indemnified Parties with respect to claims made by third parties against the Indemnified Parties arising out of work performed by the Listing Brokerage or the Listing Brokerage's failure to comply with its obligations hereunder. This indemnity shall survive the expiration or termination of the Agreement.

10. Confidentiality. The Listing Brokerage shall treat and shall cause its agents to treat as confidential and shall not disclose, during as well as after the rendering of the service contracted herein, any confidential information, records or documents to which the Listing Brokerage becomes privy as a result of its performance of the Agreement and shall take all necessary steps to ensure the confidentiality of information in the Listing Brokerage's possession or control except for disclosure that may be required for the reasonable performance by the Listing Brokerage of its responsibilities hereunder. The Listing Brokerage acknowledges that the Seller may disclose this Agreement in its sole and absolute discretion, including to stakeholders, creditors and the Court.

11. Assignment. This Agreement shall not be assigned in whole or in part by the Listing Brokerage without the prior written consent of the Seller which consent may be unreasonably and/or arbitrarily withheld and any assignment made without that consent is void and of no effect.

12. Seller's Capacity. Notwithstanding the foregoing or anything else contained herein or elsewhere, the Listing Brokerage acknowledges and agrees that approval of the Sale Process (including the retention of the Listing Brokerage) and any transaction or transactions involving a sale of the Real Property require the prior approval of the Court in the Court's sole and absolute discretion.

13. Warranty. Subject to Section 12 above and the remainder of this Section 13, the Seller represents and warrants that upon approval by the Court the Seller will have the exclusive authority and power to execute this Agreement and to authorize the Listing Brokerage to offer the Real Property for sale. Notwithstanding the foregoing, the Listing Brokerage acknowledges and agrees that the Seller has only limited knowledge about the Real Property and cannot confirm any third-party interests or claims with respect to the Real Property such as rights of first refusal, options, easements, mortgages, encumbrances or other otherwise concerning the Real Property, which may affect the sale of the Real Property.

14. Execution. This Agreement and any other agreement delivered in connection therewith, and any amendments thereto, may be executed by electronic copy or such similar format and if so executed and transmitted, will be for all purposes as effective as if the parties had delivered an executed original of this Agreement, or such other agreement or amendment, as the case may be, and shall be deemed to be made when the receiving party confirms this Agreement, or such agreement or amendment, as the case may be, to the requesting party by electronic copy or such similar format. This Agreement may be executed in several counterparts, and each of which so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument and, notwithstanding their date of execution, shall be deemed to bear date as of the date first written above.

15. Jurisdiction. This Agreement shall be governed and construed in accordance with the laws of the Province of Ontario. If any provision hereof is invalid or unenforceable in any jurisdiction where this Agreement is to be

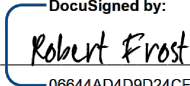
performed, such provision shall be deemed to be deleted and the remaining portions of this Agreement shall remain valid and binding on the parties hereto.

16. Finder's Fees. The Seller does not consent to the Listing Brokerage or any Cooperating Agents (or their respective affiliates) receiving and retaining, in addition to the commission provided for or otherwise contemplated in this Agreement, a finder's fee for any financing of the Real Property.

17. Verification of Information. The Seller authorizes the Listing Brokerage to obtain any information from any regulatory authorities, governments, mortgagees or others affecting the Real Property and the Seller agrees to execute and deliver such further authorizations in this regard as may be reasonably required, provided such authorizations expressly prohibit any inspections by such regulatory authorities. For greater certainty, none of the Listing Brokerage or the Listing Brokerage's representatives may bind the Seller or execute any documentation on behalf of the Seller. The Seller hereby authorizes, instructs and directs the above noted regulatory authorities, governments, mortgagees or others to release any and all information to the Listing Brokerage.

18. Listing Period. The term of this Agreement shall begin upon acceptance of this Agreement (the "Commencement Date") and shall expire one minute before midnight on the four month anniversary of the Commencement Date or upon earlier termination as otherwise prescribed herein. Notwithstanding any other provision in this Agreement, the Listing Brokerage shall not advertise the Real Property on MLS until the Seller provides expressed authority to do so and all marketing materials have been approved. The Listing Brokerage shall have five (5) days following said approval to post the Real Property on the MLS.

Colliers Macaulay Nicolls Inc

Per: 
Name: Robert Frost

Title: Senior Managing Director

KSV RESTRUCTURING INC. SOLELY IN ITS CAPACITY AS COURT APPOINTED RECEIVER OF LA PUE INTERNATIONAL INC. AND NOT IN ITS PERSONAL OR CORPORATE CAPACITY AND WITHOUT PERSONAL OR CORPROATE LIABILITY

Per: 

Name: Noah Goldstein

Title: Managing Director

Schedule "A"

Sale of the Real Property: The Listing Fee is equal to 2.00% of the purchase price of the Real Property, plus applicable taxes, if solely completed by the Listing Team. If co-operating, the Listing Fee will be increased to 3.00%, with 1.00% being payable to the Cooperating Agent and 2.00% to the Listing Team, plus all applicable taxes.

Notwithstanding anything in this Schedule A or this agreement, if the Real Property is sold to Distrikt Developments, Aura Developments (Jack Scivoletto / GGroup Dev), or Altree Developments (Zev Mandelbaum), the Listing Fee payable will be \$100,000.

Schedule "B"

Sale Process:

Summary of Sale Process		
Milestone	Description of Activities	Timeline
<i>Phase 1 – Underwriting</i>		
Prepare marketing materials	<ul style="list-style-type: none"> ➤ Realtor and the Receiver to: <ul style="list-style-type: none"> ○ prepare a teaser and confidential information memorandum (“CIM”) for each Project; ○ populate virtual data rooms for each Project; and ○ prepare a confidentiality agreement (“CA”). 	2 weeks.
Prospect Identification	<ul style="list-style-type: none"> ➤ For the Real Property, realtors to: <ul style="list-style-type: none"> ○ develop master prospect lists; ○ prioritize prospects; ○ have pre-marketing discussions with targeted prospects; ○ engage in discussions with planners, consultants and municipalities; and ○ consult with the Receiver regarding the above. 	
<i>Phase 2 – Marketing and Diligence</i>		
Stage 1	<ul style="list-style-type: none"> ➤ Mass market introduction, including: <ul style="list-style-type: none"> ○ sending offering summary and marketing materials, including marketing brochure to each realtors’ client base, including specifically targeted prospects; ○ publishing the acquisition opportunity in such journals, publications and online as the realtor and the Receiver believe appropriate to maximize interest in this opportunity; ○ posting “for sale” signs on each Real Property, to the extent applicable; ○ engaging in direct canvassing of most likely prospects and tailoring the pitch to each of these candidates based on the brokers knowledge of these parties; ○ posting the acquisition opportunity on MLS for each Project on an unpriced basis, if requested by the Receiver; and ○ meeting with prospective bidders to explain the potential of each site. ➤ Receiver and its legal counsel to prepare a Vendor’s form of Purchase and Sale Agreement (the “PSA”) which will be made available to prospective purchasers in each virtual data room. ➤ Realtors to provide additional information to qualified prospects which execute the CA, including access to data rooms and a copy of the CIM. ➤ Realtors and Receiver to facilitate diligence by interested parties. 	Commence January 8, 2024

Summary of Sale Process		
Milestone	Description of Activities	Timeline
Stage 2 – No Offers before date	<ul style="list-style-type: none"> ➤ Prospective purchasers to submit offers in the form of the PSA, with any changes to the PSA blacklined. 	Estimated date is 5 weeks from the marketing launch. Subject to market response and timing of winter holidays.
<i>Phase 3 – Offer Review and Negotiations</i>		
Short-listing of Offers and Selection of Successful Bids	<ul style="list-style-type: none"> ➤ Realtors to collect, summarize and provide to the Receiver commentary on initial bids received to the Receiver. Receiver will consult with Mortgagees on the offers received. ➤ Short listing of bidders. ➤ Further bidding - bidders may be asked to improve their offers. The Receiver may invite parties to participate in as many rounds of bidding as is required to maximize the consideration and minimize closing risk. The Receiver may also seek to clarify terms of the offers submitted and to negotiate such terms. ➤ The Receiver will be at liberty to consult with mortgage regarding the offers received, subject to any confidentiality requirements that the Receiver believes appropriate. ➤ The Receiver will select the successful bidder(s), having regards to, among other things: <ul style="list-style-type: none"> ○ total consideration (cash and assumed liabilities); ○ form of consideration, including the value of any carried interest; ○ third-party approvals required, if any; ○ conditions, if any, and time required to satisfy or waive same; and ○ such other factors affecting the speed and certainty of closing and the value of the offers as the Receiver considers relevant. 	2 weeks from offer bid deadline.
Sale Approval Motion(s) and Closing(s)	<ul style="list-style-type: none"> ➤ Upon execution of definitive transaction documents, the Receiver will seek Court approval of the successful offer(s), on not less than 7 calendar days' notice to the service list and registered secured creditors. 	15 to 30 days from the date that the selected bidder confirms all conditions have been satisfied or waived
Closings	<ul style="list-style-type: none"> ➤ Following Court approval 	ASAP