
From: Lisa Frey (3139) - 17Flr <lfrey@lawsonlundell.com>
Sent: Monday, September 9, 2024 7:52 PM
Subject: Joyce Place Closing - Good News and Bad News

Dear Joyce Place Owners

We write to advise you that the windup and sale of the strata corporation successfully completed today, September 9, 2024. The purchaser's lawyers provided us with wire confirmation of the purchase price being sent to us late this evening, and we expect to receive it tomorrow morning. As previously advised, owner proceeds are not yet ready for pickup. **We will notify owners once their cheques are ready later this week.**

When we met with owners over the past couple weeks, we had advised that we would have an update for owners regarding a few outstanding matters on or before the closing date. It was hoped that an arrangement with the purchaser could be worked out in relation to a number of items, including the purchase price adjustment.

Unfortunately, this morning (the morning of closing), Intracorp filed a Notice of Civil Claim against the strata corporation and the Liquidator, suing the strata corporation and Liquidator for alleged breaches of the purchase agreement pertaining to the condition of the fire panel and the townhouses. They scheduled a 'without notice' hearing of the Court for 2pm today to seek an order that a portion of the purchase price be withheld from owners pending decision of the Court on these breaches.

Our litigation team attended Court this afternoon at 2pm on an emergency basis to oppose this application and put preliminary evidence before the Court in support of a counterclaim against Intracorp for failing to provide the purchase price adjustment (PPA) as set out in Schedule 'G', on closing.

At the hearing, Justice Kent granted a court order that the Liquidator must hold in trust at least \$525,000 of the Joyce Place Strata special levy funds as security for the Intracorp claim pending further court order or an agreement between the parties. Furthermore, it is the intention of the Liquidator to seek leave of the Court to defend the claim by Intracorp, and to pursue immediate legal proceedings by way of counterclaim against Intracorp for its failure to pay the PPA to owners.

The "good news" is that the lawsuit will not affect the distribution of your portion of the purchase price as set out on the vendor's statement of adjustments that you signed. In particular, for those owners who have purchases completing soon, net sale proceeds will be available this week as scheduled.


However, the "bad news" is that we had originally intended to distribute the bulk of the special levy funds to owners, as shown on the draft trust reconciliations provided to owners. However, due to Intracorp's lawsuit and the order of the Supreme Court requiring us to hold back funds, we are only in a position to distribute approximately \$500,000 of these special levy funds to owners on closing (rather than \$1.3 million as previously anticipated). **The remainder of special levy funds are being held in trust with our law firm until we receive further direction of the Court that we can release them to owners.**

We understand that this holdback of a greater portion of the special levy funds will cause some distress and unhappiness for owners who were expecting to receive a greater amount of these special levy funds on closing. The Liquidator intends to bring court proceedings as quickly as possible to resolve Intracorp's lawsuit and to obtain payment of the purchase price adjustment. We will be sending out regular updates to owners by email as litigation unfolds.

Finally, with respect to the Density Bonus, Schedule 'F' of the purchase agreement contemplates that a bonus may be payable. However, as the contract is written, the Density Bonus, if any, would be payable at the time of the "Construction Commencement Date", should Intracorp demolish and redevelop within the next 5 years, as we understand they intend to do. Therefore, as the bonus is not immediately payable, and is contingent upon a series of future events, such as Intracorp obtaining its permits from City of Vancouver, etc., the Liquidator cannot require Intracorp (or sue them) to pay this amount on the closing date. Please notify us if your email address changes in the future, as the owners may have a future claim for the Density Bonus if Intracorp does proceed with redevelopment. In completing the closing, we have explicitly reserved the rights of the owners to pursue Intracorp for this density bonus in the future, should one become payable, and we expect a group of highly motivated (now former) owners will be very interested in pursuing Intracorp at that time. We will provide those owners with the list of other owners' emails upon request.

We understand owners may have ongoing questions for us, and we will do our best to answer them. However, separate phone calls and individual email responses increase legal costs for all the owners. Therefore, please note we will attempt to answer owner questions as a group to the extent possible rather than a 1-on-1 basis. We appreciate your ongoing patience and understanding.

Thanks,
Lisa (and the Lawson Lundell Team)

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