

Clerk's Stamp

Estate FILE NUMBER 1803 – 21971

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE EDMONTON

PLAINTIFF BUSINESS DEVELOPMENT BANK OF CANADA

DEFENDANTS 1119658 ALBERTA LTD. AND
101285461 SASKATCHEWAN LTD.

DOCUMENT **SECOND REPORT OF THE RECEIVER
HARDIE & KELLY INC.
SEPTEMBER 23, 2019**



RECEIVER

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**SECOND REPORT OF THE RECEIVER
HARDIE & KELLY INC.
SEPTEMBER 23, 2019**

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INTRODUCTION

1. On December 5, 2018, the Business Development Bank of Canada (“BDC”) sought and obtained an Order (the “Receivership Order”) of this Honourable Court appointing Hardie & Kelly Inc. (the “Receiver”) as Receiver of the assets, undertakings and properties (collectively, the “Property” or the “Properties”) of 1119658 Alberta Ltd. (“1119 AB”) and 101285461 Saskatchewan Ltd. (“1012 SK”), collectively the “Companies”.
2. Materials submitted in support of the receivership application include the Affidavit of Hardeep Singh (the “Initial Singh Affidavit”) sworn on November 20, 2018 and filed in these proceedings. Materials submitted in opposition to the receivership application include the Affidavit of Kelly Mann (the “Initial Mann Affidavit”) affirmed on December 4, 2018.
3. On July 30, 2019, the Receiver filed its First Report and Confidential Supplement to the First Report with this Honourable Court in connection with seeking, *inter alia*, the sale of the substantial asset of 1119 AB being a 53 room limited service hotel operating as the Westwood Inn, with such relief granted on August 8, 2019. The Receiver advises that this sale closed on September 3, 2019.
4. Paragraph 3 of the Receivership Order empowers and authorizes the Receiver, *inter alia*, to:
 - (a) Take possession of and exercise control over the Property and any and all proceeds, receipts, and disbursements arising out of or from the Property;
 - (b) To manage, operate and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;
 - (c) To market any or all of the Property, including advertising and soliciting offers in respect of the Property, or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
 - (d) To sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,

- i. Without the approval of this Court in respect of any transaction not exceeding \$150,000, provided that the aggregate consideration for all such transactions does not exceed \$500,000; and
 - ii. With the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amounts set out in the preceding clause.
5. The purpose of this report (the “Second Report”) is to provide information to the Court in respect of:
 - (a) Information pertaining to the corporate structure of the Companies;
 - (b) Information on the financial position of the Companies;
 - (c) The activities of the Receiver since the date of its First Report;
 - (d) Details of the sales process conducted by Colliers International Hotels and CIR Commercial Realty Inc. (collectively “Colliers”) in respect to the sale of the hotel known as the QI - Yorkton (as defined below) owned by 1012 SK culminating in a purchase and sale agreement between the Receiver and Durali Distances Ventures Ltd. or its designated corporate nominee, 102084666 Saskatchewan Ltd. (the “10208 PSA”), noting that details of the 10208 PSA that are considered commercially sensitive such that release of such details may affect the Receiver’s efforts to remarket the QI Yorkton if for some reason the 10208 PSA does not close are disclosed to the Court through the Receiver’s Confidential Supplement to the Second Report as discussed herein; and
 - (e) The Receiver’s recommendations thereon.
6. Concurrent with the filing of this Second Report, the Receiver will be filing a confidential supplement to the Second Report (the “Confidential Supplement to the Second Report”) containing additional confidential and commercially sensitive information with respect to the results of the Colliers sales process and the Receiver’s comments with respect to its expectation of value, both of which would have a material effect on any subsequent transaction for the QI Yorkton in the event that the 10208 PSA does not close. Disclosure of the information contained in the Confidential Supplement to the Second Report would cause irreparable prejudice to the creditors and other stakeholders of the Companies.

7. In the event that the transaction contemplated by the 10208 PSA does not close, the assets may be subject to further marketing and the Receiver's ability to obtain the highest and best price would be severely compromised due to the purchase information being in the public domain. As a result, the Receiver will be seeking a further order sealing the Confidential Supplement to the Second Report for three months following the closing of the 10208 PSA, if this Court so grants such requested relief.
8. Capitalized terms not defined in this Second Report are as defined in the Receivership Order, the Initial Singh Affidavit, the Receiver's Second Report or the 10208 PSA.
9. All references to currency are in Canadian dollars unless otherwise noted.
10. This document, together with other information regarding these proceedings, will be posted by the Receiver to its website at <https://relieffromdebt.ca/1119658-alberta-ltd>.

TERMS OF REFERENCE

11. In preparing this Second Report, the Receiver has relied upon unaudited financial information contained in the books and records of the Companies and discussions with employees of 1012 SK and 1119 AB and former management of the Companies ("Management").
12. The Receiver has not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of such information and accordingly, the Receiver expresses no opinion or other form of assurance in respect of such information contained in this Second Report.

CORPORATE STRUCTURE

13. Based on a corporate search dated December 12, 2018, 1119 AB was incorporated as an Alberta corporation on July 26, 2004 and Ms. Kuldeep Mann is listed as the sole director and voting shareholder.
14. Based on a corporate search dated February 13, 2019, 1012 SK was incorporated as a Saskatchewan corporation on July 17, 2016 and Ms. Kuldeep Mann is listed as the sole director and shareholder.

FINANCIAL POSITION

15. The Receiver has provided this Honourable Court with a detailed summary of the financial position of 1119 AB and 1012 SK through its First Report, a copy of which is attached hereto for the convenience of the Court as Appendix A.

QI YORKTON

16. The substantial asset of 1012 SK is an approximate 97 room, mid-service service hotel located on +/- 1.63 acres at the civic address of 2 Kelsey Bay, Yorkton, Saskatchewan, o/a the Quality Inn & Suites - Yorkton (the "QI Yorkton") under the Choice Hotels Canada ("Choice") brand.
17. The Receiver understands that other salient features pertaining to the QI Yorkton would include, *inter alia*:
 - (a) Indoor swimming pool with water slide;
 - (b) Fitness and business centres;
 - (c) Guest laundry facilities; and
 - (d) Free breakfast and Wi-Fi.
18. The Receiver notes that QI Yorkton is a union-based environment with the employees represented by the Saskatchewan Joint Board, Retail, Wholesale and Department Store Union (the "Union").

ACTIVITIES OF THE RECEIVER

19. Subsequent to the issuance of its First Report, the Receiver has, *inter alia*:
 - (a) Continued to administer the accounts payable, payroll, accounts receivable and banking functions on behalf of the Companies;
 - (b) Continued to liaise with current employees and contractors to respond to maintenance requirements and other operational activities on an as required basis;
 - (c) Worked with the purchaser of the Westwood Inn and respective legal counsel to complete the sale transaction for the Westwood Inn as previously approved by this Honourable Court;
 - (d) Worked with Colliers to facilitate the continuing marketing and sales process for the QI Yorkton leading to the 10208 PSA as more fully described in the Confidential Supplement to the Second Report;
 - (e) Facilitated the completion of due diligence as part of the marketing and sales process, including involving representatives of the Union as appropriate;
 - (f) Provided updates to stakeholders as required; and

(g) Attended to various other administrative matters as it pertains to the Receivership.

REQUEST FOR LISTING PROPOSAL AND LIST PRICE PROCESS

20. As noted in its First Report, but as pertinent to the current application, in selecting a realtor to act as listing agent, the Receiver sought proposals from three listing agents for the QI Yorkton; two national firms with hotel brokerage divisions and one agent understood to have previously held a listing agreement for the QI Yorkton.
21. The Receiver ultimately only received proposals from the two national firms (the “Proposed Listing Agents”), with the comments received from the Proposed Listing Agents with respect to potential value of the QI Yorkton disclosed to the Court through the Receiver’s Confidential Supplement to the Second Report.
22. Following its discussion with BDC of the results of the request for listing proposal and list price process, the Receiver ultimately entered into a listing agreement with Colliers with pricing guidance for the QI Yorkton of \$3.5 million.

DESCRIPTION OF THE SALES PROCESS

23. Following the Receiver's execution of a listing agreement, Colliers advised that it took the following steps with respect to marketing the Westwood Inn and the QI Yorkton:
 - (a) Prepared and circulated an investment profile to approximately 885 individuals, targeting private Canadian and U.S. Hotel investors, investment companies, high-net-worth families, opportunity funds and Hotel REIT’s active in the hospitality market or specifically seeking a position in Canadian assets and re-circulating the investment profile a second time to re-engage the potential market;
 - (b) Uploaded details pertaining to the QI Yorkton to its website at www.collierscanada.com which receives about 300,000 page views a month; and
 - (c) Reached out directly with major hotel owners in Western Canada.
24. In addition, the Receiver included the investment opportunity on its “Assets for Sale” website at <https://relieffromdebt.ca/assets-for-sale>.
25. Further details of the results of the sales process for the QI Yorkton are contained in the Receiver’s Confidential Supplement to the Second Report as they contain confidential and commercially sensitive information which could have a material effect on any subsequent transaction for the QI Yorkton in the event that the 10208 PSA does not close

10208 PSA

26. As a result of the sales process implemented by Colliers as outlined above, the Receiver entered into the 10208 PSA, conditional on the approval of this Honourable Court, with, *inter alia*, the following material terms:

(a) Purchased Assets include, *inter alia*, the Receiver's right, title and interest in the following:

i. Lands legally described as (the "Lands"):

Surface Parcel #142833685
Lot 11
BLK/PAR 7
PLAN NO.: 99y06931
EXTENSION 0
And

Surface Parcel #142833674
LOT 12
BLK/PAR 7
PLAN NO.: 99Y07276

ii. Buildings, fixtures and improvements, including specifically the hotel located on the Lands (the "Improvements").

(b) Purchasers conditions:

i. The Purchaser shall have thirty (30) calendar days from the offer being accepted to confirm that:

1. The Purchaser is satisfied with its investigation of the Lands; and
2. Any necessary financing that the Purchaser may need to obtain in order to pay the balance of the Purchase Price on the Closing Date has been approved and obtained.

The Receiver advises that the Purchaser waived the above conditions on September 9, 2019 and also confirmed that Durali Distance Ventures Ltd. designated 102084666 Saskatchewan Ltd. as its nominee.

(c) Mutual conditions

- i. The Receiver shall have obtained court approval by way of an Approval and Vesting Order from the Court within 45 days after the Purchaser's Conditions are waived;
- (d) Purchase price – [Redacted but will be provided to the Court through the Confidential Supplement to the Second Report].
- (e) Representations and warranties

- i. The Vendor makes no representations or warranties with respect to:

- 1. The environmental fitness of the Lands;
- 2. The quality, condition or serviceability of the Lands; and
- 3. The suitability of the Land's use for any purposes.

It is expressly acknowledged by the Purchaser that it is purchasing the Lands on an "as is, where is" basis.

- (f) Deposits:

- i. \$100,000 concurrent with delivery of the offer to purchase; and
- ii. A further \$200,000 upon waiver of the purchaser's conditions as above.

The Receiver advises that it is currently holding the aggregate of \$300,000 in deposits as contemplated above.

- (g) Closing Date: Ten days after satisfaction or waiver of all conditions, or such other date as is satisfactory to both the Vendor and the Purchaser, as confirmed in writing.

- 27. Copies of certificates of title to the Lands are attached hereto as Appendix B.
- 28. The Receiver has been in frequent contact with BDC as the first ranking secured creditor and financier of the Receiver's Borrowings during the course of these proceedings. The Receiver understands that notwithstanding the deficiency BDC is forecast to incur, BDC is supportive of the sale as contemplated in the 10208 PSA.
- 29. In consultation with BDC, the Receiver's expectations of value resulting from both discussions with Colliers and for reasons more fully set out in its Confidential Supplement to the Second Report, the Receiver is of the opinion that the 10208 PSA is commercially reasonable and offers the best recoveries to 1012 SK's creditors in the circumstances.

SEALING ORDER APPLICATION

30. In order to protect the integrity of any reinstated sales process in the event that the transaction contemplated by the 10208 PSA does not close, the Receiver is requesting that this Honourable Court grant an order sealing the Confidential Supplement to the Second Report for a period of three months from the closing of the transaction contemplated by the 10208 PSA as the Confidential Supplement to the Second Report contains sensitive commercial information on the Receiver's ultimate expectation of value which in the Receiver's view may seriously prejudice any subsequently reinstated sales process in the event that such reinstated sales process is necessary.
31. Counsel to the Receiver has completed and submitted a Notice to Media of Application to Restrict Access with respect to the Sealing Order being sought.

RECOMMENDATIONS

32. The Receiver respectfully recommends that this Honourable Court:
- (a) Approve the sale of the QI Yorkton Inn substantially in the form of that contemplated by the 10208 PSA;
 - (b) Approve the activities of the Receiver as described in the Receiver's Second Report and the Confidential Supplement to the Second Report; and
 - (c) Direct that the Confidential Supplement to the Second Report be sealed for a period of three months from the date of the closing of the sale contemplated by the 10208 PSA.

All of which is respectfully submitted this 23rd day of September, 2019.

Hardie & Kelly Inc.

In its capacity as Receiver of 1119658 Alberta Ltd. and 101285461 Saskatchewan Ltd. and not in its personal or corporate capacity.

Per:



Kevin Meyler, CA•CIRP
President

APPENDIX A

Clerk's Stamp

Estate FILE NUMBER 1803 - 21971
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE EDMONTON
PLAINTIFF BUSINESS DEVELOPMENT BANK OF CANADA
DEFENDANTS 1119658 ALBERTA LTD. AND
101285461 SASKATCHEWAN LTD.
DOCUMENT **FIRST REPORT OF THE RECEIVER
HARDIE & KELLY INC.
JULY 29, 2019**



RECEIVER

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FIRST REPORT OF THE RECEIVER
HARDIE & KELLY INC.
JULY 29, 2019

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INTRODUCTION

1. On December 5, 2018, the Business Development Bank of Canada (“BDC”) sought and obtained an Order (the “Receivership Order”) of this Honourable Court appointing Hardie & Kelly Inc. (the “Receiver”) as Receiver of the assets, undertakings and properties (collectively, the “Property” or the “Properties”) of 1119658 Alberta Ltd. (“1119 AB”) and 101285461 Saskatchewan Ltd. (“1012 SK”, and together with 1119 AB, collectively the “Companies”).
2. Materials submitted in support of the receivership application include the Affidavit of Hardeep Singh (the “Initial Singh Affidavit”) sworn on November 20, 2018 and filed in these proceedings. Materials submitted in opposition to the receivership application include the Affidavit of Kelly Mann (the “Initial Mann Affidavit”) affirmed on December 4, 2018.
3. Paragraph 3 of the Receivership Order empowers and authorizes the Receiver, *inter alia*, to:
 - (a) Take possession of and exercise control over the Property and any and all proceeds, receipts, and disbursements arising out of or from the Property;
 - (b) To manage, operate and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;
 - (c) To market any or all of the Property, including advertising and soliciting offers in respect of the Property, or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
 - (d) To sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - i. Without the approval of this Court in respect of any transaction not exceeding \$150,000, provided that the aggregate consideration for all such transactions does not exceed \$500,000; and
 - ii. With the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amounts set out in the preceding clause.

4. The purpose of this report (the "First Report") is to provide information to the Court in respect of:
 - (a) Information pertaining to the corporate structure of the Companies;
 - (b) Information on the financial position of the Companies;
 - (c) Information pertaining to the availability of the Books and Records of the Companies;
 - (d) The activities of the Receiver since the granting of the Receivership Order;
 - (e) The receipts and disbursements of the Receiver since the granting of the Receivership Order;
 - (f) Details of the sales process conducted by Colliers International Hotels and CIR Commercial Realty Inc. (collectively, "Colliers") in respect to the sale of the hotel known as the Westwood Inn (as defined below) owned by 1119 AB culminating in a purchase and sale agreement between the Receiver and Harkiran Ghuman (or its designated corporate nominee) (the "Ghuman PSA"), noting that details that are considered commercially sensitive such that release of such details may affect the Receiver's efforts to remarket the Westwood Inn if for some reason the Ghuman PSA, does not close are disclosed to the Court through the Receiver's Confidential Supplement to the First Report as discussed herein;
 - (g) Details pertaining to BDC's anticipated application to have 1119 AB adjudged bankrupt; and
 - (h) The Receiver's recommendations thereon.

5. Concurrent with the filing of this First Report, the Receiver will be filing a confidential supplement to the First Report (the "Confidential Supplement to the First Report") containing additional confidential and commercially sensitive information with respect to the results of the Colliers sales process and the Receiver's comments with respect to its expectation of value, both of which would have a material effect on any subsequent transaction for the Westwood Inn in the event that the Ghuman PSA does not close. Disclosure of the information contained in the Confidential Supplement to the First Report would cause irreparable prejudice to the creditors and other stakeholders of the Companies.

6. In the event that the transaction contemplated therein does not close, the assets may be subject to further marketing and the Receiver's ability to obtain the highest and best price would be severely compromised due to the purchase information being in the public domain. As a result, the Receiver will be seeking a further order sealing the Confidential Supplement to the First Report for three months following the closing of the Ghuman PSA, if this Court so grants such requested relief.
7. While this First Report is being provided substantially for the purposes of seeking the Court's approval of the Ghuman PSA, the Receiver is providing a somewhat comprehensive update of the Companies and its activities as such details pertain to the Receiver's application for an interim approval of the professional fees of itself and its counsel that have been paid to date.
8. Capitalized terms not defined in this First Report are as defined in the Receivership Order, the Initial Singh Affidavit or the Ghuman PSA.
9. All references to currency are in Canadian dollars unless otherwise noted.
10. This document, together with other information regarding these proceedings, will be posted by the Receiver to its website at <https://relieffromdebt.ca/1119658-alberta-ltd>.

TERMS OF REFERENCE

11. In preparing this First Report, the Receiver has relied upon unaudited financial information contained in the books and records of the Companies and discussions with employees of 1012 SK and 1119 AB and former management of the Companies ("Management").
12. The Receiver has not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of such information and accordingly, the Receiver expresses no opinion or other form of assurance in respect of such information contained in this First Report.

CORPORATE STRUCTURE

13. Based on a corporate search dated December 12, 2018, 1119 AB was incorporated as an Alberta corporation on July 26, 2004 and Ms. Kuldeep Mann is listed as the sole director and voting shareholder.
14. Based on a corporate search dated February 13, 2019, 1012 SK was incorporated as a Saskatchewan corporation on July 17, 2016 and Ms. Kuldeep Mann is listed as the sole director and shareholder.

15. The financial statements of 1119 AB as of June 30, 2017 (the "1119 AB June 2017 Financials") as appended to the Initial Singh Affidavit note that 1058205 Alberta Ltd. ("1058 AB") is a related party to 1119 AB by virtue of being controlled by a related person.
- (a) A corporate search of 1058 AB dated January 7, 2019 which is attached hereto as Appendix "A", indicates that Mr. Kamaljit Maan is the sole director and voting shareholder of 1058 AB. The Receiver understands that Mr. Kamaljit Maan is Ms. Kuldeep Mann's spouse.

FINANCIAL POSITION

1119 AB

Assets

16. The substantial asset of 1119 AB is an approximate 53 room, limited service hotel located on +/- 2.0 acres at the civic address of 5002-34 Avenue in Drayton Valley, Alberta, o/a the Westwood Inn (the "Westwood Inn").
17. The Receiver understands that other salient features pertaining to the Westwood Inn would include, *inter alia*:
- (a) A manager's suite;
- (b) Guest laundry facilities; and
- (c) Free parking, breakfast and Wi-Fi.
18. In addition to the Westwood Inn and ancillary assets derived therefrom, the 1119 AB June 2017 Financial Statements also indicate, *inter alia*, the following assets (with book value of such assets in parentheses):
- (a) Due from related parties (\$2,935,151), consisting of:
- i. Due from 1012 SK - \$2,303,492; and
- ii. Due from 1058 AB - \$631,659;
- (b) Investments (\$796,317); and
- (c) Automotive (\$18,066 undepreciated value).
19. The Initial Mann Affidavit includes June 30, 2018 financial statements of 1119 AB which detail, *inter alia*, the following assets:

- (a) Due from related parties of \$2,929,868; and
 - (b) Investments of \$195,418
20. The Receiver is continuing its review of the amounts due from related parties and investments in order to determine whether any further recoveries may be available through such assets and will provide a further update to the Court through a subsequent report.

Liabilities

Creditors claiming a security interest

21. Based on a personal property registry search dated September 6, 2018, the following creditors have registered security interests against 1119 AB:

- (a) BMW Canada Inc. registered a security agreement on May 9, 2014 claiming a security interest over a 2014 BMW X5 xDrive35i;

- (b) Business Development Bank of Canada registered a security agreement on July 24, 2015 over all present and after-acquired personal property;

- i. The Initial Singh Affidavit outlines that as of August 23, 2018, 1119 AB was indebted to BDC in the amount of approximately \$2,638,265 plus accruing interest and enforcement expenses.

- ii. As of July 25, 2019, BDC advises that it is owed approximately, \$2,823,232, with \$64,079 of this amount consisting of protective disbursements, including the payment of outstanding property taxes.

- L. The Receiver's independent legal counsel, MLT Aikins LLP, has provided an opinion, subject to the customary qualifications, that the BDC security over the assets of 1119 AB is valid and enforceable, although we note that at this time, the Receiver is not seeking an interim distribution to BDC and that such distribution will remain subject to a further application before the Court.

- (c) In addition, BDC has funded the Receiver \$60,000 through a Receiver's Certificate, with such amounts are secured by the Receiver's Borrowing's Charge as provided for in the Receivership Order.

22. Based on a review of a land title search for the Westwood Inn dated July 29, 2019, the Receiver notes, *inter alia*, the following registered security interests against the Westwood Inn:

- (a) Business Development Bank of Canada registered a mortgage on August 21, 2015 with a registered value of \$5,500,000;
- (b) 1621804 Alberta Ltd. registered a mortgage on October 28, 2015 with a registered value of \$600,000.

Employees / WEPP

23. The Receiver is not aware of any priority amounts outstanding to employees or Service Canada related to the *Wage Earner Protection Program Act* from 1119 AB.

Canada Revenue Agency – Employer Source Deductions

24. Based on discussions with the Canada Revenue Agency ("CRA"), the Receiver understands that there are negligible amounts owing by 1119 AB to CRA for unremitted employer source deductions, but as of the date of this First Report, the Receiver is waiting on formal results of CRA's trust audit.

Canada Revenue Agency – Goods and Services Taxes

25. Based on a July, 2019 notional assessment, the Receiver understands that there is an amount outstanding of approximately \$1,395 owing by 1119 AB to CRA with respect to unremitted Good and Services Taxes ("GST").

Property taxes

26. Based on the Initial Singh Affidavit, the Receiver understands that as of the date of the Receivership Order, 1119 AB had approximately \$37,423 outstanding as it relates to property taxes, noting the payment of certain property taxes by BDC as a protective disbursement as described above.

Unsecured creditors

27. As the books and records of 1119 AB were incomplete, the Receiver was unable to obtain a comprehensive listing of its creditors. Therefore, for purposes of notifying creditors of the Receivership, the Receiver listed known and estimated creditors based on information from certain of the incomplete books and records, a review of certain public information and discussions with Management.

1012 SK

Assets

28. The substantial asset of 1012 SK is an approximate 97 room, mid-service service hotel located on +/- 1.63 acres at the civic address of 2 Kelsey Bay, Yorkton, Saskatchewan, o/a the Quality Inn & Suites - Yorkton (the "QI Yorkton") under the Choice Hotels Canada ("Choice") brand.
29. The Receiver understands that other salient features pertaining to the QI Yorkton would include, *inter alia*:
- (a) Indoor swimming pool with water slide;
 - (b) Fitness and business centres;
 - (c) Guest laundry facilities; and
 - (d) Free breakfast and Wi-Fi.
30. The Receiver notes that QI Yorkton is a union-based environment with the employees represented by the Saskatchewan Joint Board, Retail, Wholesale and Department Store Union (the "Union") as discussed more fully below.

Liabilities

Creditors claiming a security interest

31. Based on a personal property registry search dated September 10, 2018, the following creditors have registered security interests against 1012 SK:
- (a) Business Development Bank of Canada registered a security agreement on July 23, 2015 over all present and after-acquired personal property:
 - i. The Initial Singh Affidavit outlines that as of August 23, 2018, 1012 SK is indebted to BDC in the approximate amount of \$2,610,487 plus accruing interest and enforcement expenses.
 - ii. As of July 25, 2019, BDC advises that it is owed approximately, \$3,205,206, with \$411,258 of this amount consisting of protective disbursements, including payments of outstanding property taxes.

1. The Receiver's independent legal counsel, MLT Aikins LLP, has not yet provided an opinion as to the validity and enforceability of the BDC security over the assets of 1012 SK, but will do so prior to any distribution to BDC, with such distribution remaining subject to a further application before the Court.
 - (b) In addition, BDC has funded the Receiver \$200,000 through a Receiver's Certificate, with such amounts secured by the Receiver's Borrowing's Charge as provided for in the Receivership Order.
32. Based on a review of a land title search for the QI Yorkton dated July 26, 2019, the Receiver notes, *inter alia*, the following registered security interests:
 - (a) Business Development Bank of Canada registered a mortgage on August 24, 2015 with a registered value of \$5,500,000;
 - (b) 1621804 Alberta Ltd. registered a mortgage on October 20, 2015 with a registered value of \$600,000.

Employees / WEPP

33. The Receiver is not aware of any priority amounts outstanding to employees or Service Canada related to the *Wage Earner Protection Program Act* from 1012 SK

Canada Revenue Agency - Employer Source Deductions

34. Based on discussions with CRA, the Receiver understands that there are no amounts outstanding with respect to any unreimitted employer source deductions by 1012 SK to CRA, but as of the date of this First Report, the Receiver is waiting on CRA to confirm the results of their trust audit.

Canada Revenue Agency - GST

35. Based on a June 2019 notional assessment based on a trust audit, the Receiver understands that there may be an amount outstanding of approximately \$9,359 owing by 1012 SK to CRA with respect to unreimitted GST.

Provincial Sales Tax

36. Based on discussions with Saskatchewan Finance, the Receiver understands that there may be an amount owing by 1012 SK with respect to unreimitted provincial sales tax as of the date of receivership of approximately \$51,353.

Property taxes

37. Based on the Initial Singh Affidavit, the Receiver understands that as of the date of the Receivership Order, 1012 SK had approximately \$406,657 outstanding as it relates to property taxes, noting the payment of certain property taxes by BDC as a protective disbursement as described above.

Unsecured creditors

38. As the books and records of 1012 SK were incomplete, the Receiver was unable to obtain a comprehensive listing of its creditors. Therefore, for purposes of notifying creditors of the Receivership, the Receiver listed known and estimated creditors based on information from certain of the incomplete books and records, a review of certain public information and discussions with Management.

BOOKS AND RECORDS

39. The Receiver has had numerous discussions and correspondence with Ms. Kuldeep Mann and her previous two external accountants with respect to obtaining the books and records of the Companies, which in the Receiver's view were incomplete as of the date of the Receivership Order.
40. The Receiver has completed its initial review of the available books and records and has discussed the outcome of such review with BDC in its role as first ranking secured creditor and provider of estate funding, noting certain related party transactions which appear to require further investigation and potentially attempting to reverse, both of which would be aided by the powers of a Licensed Insolvency Trustee pursuant to a bankruptcy of 1119 AB.
41. A brief summary of certain of these transactions include the following:
- (a) An apparent transfer of certain lands with the transfer registered on August 30, 2017 by 1119 AB to 1058 AB with a declared value per transfer documents of approximately \$620,000, following which Ms. Kuldeep Mann registered caveats against the such lands in the amount of \$620,000.
 - (b) An apparent transfer of a BMW from 1119 AB to Kamaljit Mann on October 26, 2018 for proceeds of \$25,000 pursuant a purchase and sale agreement which noted that payment of the \$25,000 purchase price was purportedly paid by Kuldeep Mann by way of a shareholder loan.

ACTIVITIES OF THE RECEIVER

42. Subsequent to the granting of the Receivership Order, the Receiver has, *inter alia*:
- (a) Attended to the QI Yorkton and the Westwood Inn to meet with employees and contractors, tour the properties and to complete other procedures with respect to obtaining custody and control of the properties;
 - (b) Entered into new contractor agreements with individuals providing services to the Westwood Inn;
 - (c) Completed statutory notifications to known and identified potential creditors pursuant to Section 245(1) and 246(1) of the *Bankruptcy and Insolvency Act*;
 - (d) Contacted CRA to set up new GST and payroll accounts and to request and facilitate trust exams as it relates to potential unpaid employer source deductions and GST;
 - (e) Reviewed the adequacy of insurance coverage, advised the insurer of the Receivership and arranged for continued coverage in the Receiver's name, including the involvement of the Receiver's counsel who was required to ensure compliance with the continuity of services provision of the Receivership Order when the insurer purported to attempt to cancel coverage;
 - (f) Corresponded with Choice to advise of its appointment and request reinstated access to required services under the franchise agreement; as well as various discussions to assist current management in addressing potential operational improvements and attempting to maintain Choice standards, within the parameters of the Receivership Order and available finances and as more fully discussed below;
 - (g) Liaised with Point of Sale processing providers to have the ongoing automated receipts deposited directly into the Receiver's bank accounts;
 - (h) Administered the accounts payable, payroll, accounts receivable and banking functions on behalf of the Companies;
 - (i) Liaised with current employees and contractors to respond to maintenance requirements and other operational activities on an as required basis;

- (j) Administered a request for proposal process, seeking listing proposals from four realtors to select a listing agent to market the QI Yorkton and the Westwood Inn, ultimately selecting Colliers;
- (k) Worked with Colliers to facilitate the marketing and sales process for each of the QI Yorkton and Westwood Inn as more fully described in the Confidential Supplement to the First Report;
- (l) Sought and reviewed the books and records as discussed herein for the existence of additional material realizable assets and to assist Colliers in populating a data room in order to facilitate a sales process;
- (m) Continued to work with the Union;
- (n) Provided updates to stakeholders as required; and
- (o) Attended to various other administrative matters as it pertains to the Receivership.

DISCUSSIONS WITH CHOICE

- 43. Immediately upon its arrival at the QI Yorkton, representatives of the Receiver were advised that given the quantum of arrears with Choice, that Choice had terminated certain, services formerly provided under the terms of the Franchise Agreement, including access to the hotel's online booking system.
- 44. In correspondence with Choice, the Receiver understands that Choice suspended services on November 28, 2019 due to extensive arrears and non-responsiveness from Management. We note that this material impediment to operations was not identified to the Court in the submissions filed with this court in opposition to the receivership application, in particular in the Mann Affidavit.
- 45. Upon discussions with the Receiver upon its appointment and a review of the Receivership Order, Choice reinstated full services to the QI Yorkton and has continued to be co-operative throughout these proceedings.

DISCUSSIONS WITH THE UNION

- 46. As noted above, the employees of 1012 SK are members of the Saskatchewan Joint Board, Retail, Wholesale and Department Store Union.

47. The Receiver has held numerous discussions with the Union and determined that the collective bargaining agreement (the "CBA") as between 1012 SK and the Union expired on August 31, 2018.
48. Subsequent to the expiry of the CBA, 1012 SK and the Union entered into a Memorandum of Understanding (the "MOU") that effectively renewed the CBA subject to certain amendments.
49. The MOU is to be effective from the 1st day of September, 2018 and is to remain in force until the 31st day of August, 2019 and thereafter from year to year, but subject to either party, giving notice to the other party to terminate the MOU or to negotiate a revision thereof with such notice to be provided not less than sixty (60) days or more than one hundred and twenty (120) days before the expiry.
50. While the MOU is signed by the Union, the Receiver notes that it is not signed by a representative of 1012 SK. In correspondence and discussions with Mr. Harry Mann (the former General Manager of the QI Yorkton, and Ms. Kuldeep Mann's son), he has acknowledged that he agreed to all the terms of the MOU, but was unavailable to sign a copy.
51. The Receiver further notes that the Union has provided notice to the Receiver of its intentions to amend the MOU and the Receiver has had cursory discussions with respect to the Union with respect to potential changes anticipated to be sought by the Union, together with the impact of such potential changes on the Receiver's marketing process for a sale of the property.
52. Following consultation with its legal counsel, the Receiver has not sought to amend any of the agreements with the Union and has been continuing to operate under the terms of such agreement, solely in its capacity as Receiver of 1012 SK and not in its personal or corporate capacity.
53. As of the date of this First Report, the Receiver advises that no material issues have arisen with respect to the Union.

PROPERTY TAXES

54. The Initial Singh Affidavit notes that the QI Yorkton was in arrears with respect to property taxes in the approximate amount of approximately \$406,656.

55. As described in the Initial Mann Affidavit, in 2018, the City of Yorkton had assessed the QI Yorkton at \$7.56 million for property tax purposes, which Ms. Kuldeep Mann notes was a decreased value from an original assessed value of approximately \$8.5 million.
56. As at the date of Receivership, a further property tax appeal was outstanding, for which the Receiver continued to engage the City of Yorkton with respect to updates.
57. On January 10, 2019, the Receiver was notified of the City of Yorkton's Board of Revision's decision which ultimately reduced the outstanding property tax balance as of January 10, 2019 to approximately \$308,000 based on a revised assessed value of approximately \$3,700,200.
58. However, on April 3, 2019, the Receiver received a further notice from the City of Yorkton advising that based on a revised assessment methodology, that the assessed value of the QI Yorkton was increased to approximately \$6,715,900.
59. As a result, the Receiver again appealed the property tax assessment and on approximately June 4, 2019, the Receiver was advised that the City of Yorkton had issued a by-law reducing the 2019 taxes by approximately \$81,846 which effectively produced a 2019 tax value which approximately equates to the 2018 value as revised by the Board of Revision.

REQUEST FOR LISTING PROPOSAL AND LIST PRICE PROCESS

60. In selecting a realtor to act as listing agent, the Receiver sought proposals from three listing agents for the Westwood Inn, two national firms with hotel brokerage divisions and one local agent for each of the Westwood Inn and QI Yorkton understood to be experienced with respect to such assets. The Receiver ultimately only received proposals from the two national firms, with the comments received from the proposed listing agents with respect to potential value of the Westwood Inn disclosed to the Court through the Receiver's Confidential Supplement to the First Report.
61. Following its discussion with BDC of the results of the request for listing proposal and list price process, the Receiver ultimately entered into a listing agreement with Colliers with pricing guidance for the Westwood Inn of \$1.5 million and \$3.5 million for the QI Yorkton.

DESCRIPTION OF THE SALES PROCESS

62. Following the Receiver's execution of a listing agreement, Colliers has advised that it took the following steps with respect to marketing the Westwood Inn and the QI Yorkton:
- (a) Prepared and circulated an investment profile to approximately 885 individuals, targeting private Canadian and U.S. Hotel investors, investment companies, high-net-worth families, opportunity funds and Hotel REIT's active in the hospitality market or specifically seeking a position in Canadian assets, re-circulating the investment profile a second time to re-engage the potential market;
 - (b) Uploaded details pertaining to the Westwood Inn to its website at www.collierscanada.com which receives about 300,000 page views a month; and
 - (c) Reached out directly with major hotel owners in Western Canada.
63. In addition, the Receiver included the investment opportunity on its "Assets for Sale" website at <https://relieffromdebt.ca/assets-for-sale>.
64. Further details of the results of the sales process for the Westwood Inn are contained in the Receiver's Confidential Supplement to the First Report as they contain confidential and commercially sensitive information which could have a material effect on any subsequent transaction for the Westwood Inn in the event that the Ghuman PSA does not close.
65. As the sales process as it pertains to the QI Yorkton is ongoing, the Receiver is not providing an update with such process at this time. The Receiver anticipates providing the Court with a comprehensive update when it is in a position to put forth a recommended purchase and sale agreement for approval for a sale of the QI Yorkton.

GHUMAN PSA

66. As a result of the sales process implemented by Colliers as outlined above, the Receiver entered into the Ghuman PSA, conditional on the approval of this Honourable Court, with, *inter alia*, the following material terms:
- (a) Purchased Assets include, *inter alia*, the Receiver's right, title and interest in the following:
 - i. Lands legally described as (the "Lands"):
PLAN 0720020
BLOCK 151
LOT 8
EXCEPTING THEREOUT ALL MINES AND MINERALS

- ii. Buildings, fixtures and improvements, including specifically the hotel located on the Lands (the "Improvements").

(b) Purchaser's conditions:

- i. The Purchaser shall have one (1) day from execution of the Ghuman PSA to satisfy itself with its investigations of the Lands.

The Receiver advises that the Purchaser sought and received from the Receiver an extension of the time period to waive the above condition and that such condition was formally waived on July 19, 2019.

(c) Mutual conditions

- i. The Receiver shall have obtained court approval by way of an Approval and Vesting Order from the Court within 45 days after the Purchaser's Conditions are waived;

(d) Purchase price = [Redacted but will be provided to the Court through the Confidential Supplement to the First Report].

(e) Representations and warranties

- i. The Vendor makes no representations or warranties with respect to:
 - 1. The environmental fitness of the Lands;
 - 2. The quality, condition or serviceability of the Lands;
 - 3. The suitability of the Land's use for any purposes.

It is expressly acknowledged by the Purchaser that it is purchasing the Lands on an "as is, where is" basis.

(f) Deposits:

- i. \$50,000 concurrent with execution of the Ghuman PSA; and
- ii. A further \$50,000 upon waiver of the purchaser's conditions as above.

The Receiver advises that it is currently holding the aggregate of \$100,000 in deposits as contemplated above.

(g) Closing Date: Five days after satisfaction or waiver of all conditions, or such other date as is satisfactory to both the Vendor and the Purchaser, as confirmed in writing.

67. The Receiver has been in frequent contact with BDC as the first ranking secured creditor and financier of the Receiver's Borrowings during the course of these proceedings. The Receiver understands that notwithstanding the deficiency BDC is forecast to incur, BDC is supportive of the sale as contemplated in the Ghuman PSA.
68. In consultation with BDC, the Receiver's expectations of value resulting from both discussions with Colliers and for reasons more fully set out in its Confidential Supplement to the First Report, the Receiver is of the opinion that the Ghuman PSA is commercially reasonable and offers the best recoveries to 1119 AB's creditors in the circumstances.

SEALING ORDER APPLICATION

69. In order to protect the integrity of any reinstated sales process in the event that the transaction contemplated by the Ghuman PSA does not close, the Receiver is requesting that this Honourable Court grant an order sealing the Confidential Supplement to the First Report for a period of three months from the closing of the transaction contemplated by the Ghuman PSA as the Confidential Supplement to the First Report contains sensitive commercial information on the Receiver's ultimate expectation of value which in the Receiver's view may seriously prejudice any subsequently reinstated sales process in the event that such reinstated sales process is necessary.
70. Counsel to the Receiver has completed and submitted a Notice to Media of Application to Restrict Access with respect to the Sealing Order being sought.

STATEMENT OF RECEIPTS AND DISBURSEMENTS

1119 AB

71. The Receiver has attached an interim statement of receipts and disbursements for 1119 AB (the "1119 AB Interim SRD") for the period December 5, 2018 to July 25, 2019 as Appendix B to this First Report.
72. The 1119 AB Interim SRD illustrates that the Receiver is holding approximately \$49,089 in net cash on hand as of July 25, 2019 (the "1119 Net Cash Balance"). The Receiver notes that the Net Cash Balance reflects operations on a cash basis, excluding accruals for ongoing receipts and disbursements which have been incurred but not paid.

1012 SK

73. The Receiver has attached an interim statement of receipts and disbursements for 1012 SK (the "1012 SK Interim SRD") for the period December 5, 2018 to July 25, 2019 as Appendix C to this First Report.
74. The 1012 SK Interim SRD illustrates that the Receiver is holding approximately \$104,070 in net cash on hand as of July 25, 2019 (the "1012 Net Cash Balance"). The Receiver notes that the Net Cash Balance reflects operations on a cash basis, excluding accruals for ongoing receipts and disbursements which have been incurred but not paid.

PROFESSIONAL FEES

75. Subsequent to the initial billings of its counsel for December, 2019 which were allocated as between time incurred on 1119 AB versus that incurred on 1012 SK matters, the Receiver and its counsel have been effectively managing the receivership of the Companies as two separate mandates, with separate charge codes created by the Receiver and its counsel for each entity. For the minimal amount of time not distinguishable as unique to one entity, it has been allocated evenly as between 1119 AB and 1012 SK.

1119 AB

76. Details of the Receiver and its counsel's professional fees and disbursements related to the administration of the estate of 1119 AB which have been paid to the date of this First Report are as follows, noting that the Receiver has been paid for services up to May 31, 2019 whereas its counsel has been paid for services up to June 30, 2019:

Hardie & Kelly Inc.

| <i>Invoice</i> | <i>Period</i> | <i>Amount</i> | <i>GST</i> | <i>Total</i> |
|----------------|-------------------|---------------|------------|--------------|
| Mar 26/19b | to February 28/19 | 35,840 | 1,792 | 37,632 |
| Jul 3/19b | to May 31/19 | 21,038 | 1,052 | 22,089 |
| | Total | 56,878 | 2,844 | 59,721 |

MLT Aikins LLP

| <i>Invoice</i> | <i>Period</i> | <i>Amount</i> | <i>GST</i> | <i>Total</i> |
|----------------|-------------------|---------------|------------|---------------|
| 6003619 | to December 18/18 | 1,977 | 99 | 2,076 |
| 6008750 | to December 31/18 | | | |
| 6020328 | to Jan 31/19 | 976 | 49 | 1,024 |
| 6026257 | to February 28/19 | 6,903 | 337 | 7,239 |
| 6034575 | to March 31/19 | 3,105 | 150 | 3,255 |
| 6038389 | to April 30/19 | 2,145 | 107 | 2,252 |
| 6053422 | to June 30/19 | 3,961 | 198 | 4,159 |
| | Total | 19,066 | 940 | 20,005 |

1012 SK

77. Details of the Receiver and its counsel's professional fees and disbursements related to the administration of the estate of 1012 SK which have been paid to the date of this First Report are as follows, noting that the Receiver has been paid for services up to May 31, 2019 whereas its counsel has been paid for services up to June 30, 2019:

Hardie & Kelly Inc.

| <i>Invoice</i> | <i>Period</i> | <i>Amount</i> | <i>GST</i> | <i>Total</i> |
|----------------|-------------------|---------------|--------------|---------------|
| Mar 26/19a | to February 28/19 | 47,720 | 2,386 | 50,106 |
| Jul 3/19a | to May 31/19 | 41,950 | 2,098 | 44,048 |
| | Total | 89,670 | 4,484 | 94,154 |

MLT Aikins LLP

| <i>Invoice</i> | <i>Period</i> | <i>Amount</i> | <i>GST</i> | <i>Total</i> |
|----------------|-------------------|---------------|------------|---------------|
| 6003619 | to December 18/18 | 11,460 | 573 | 12,033 |
| 6008750 | to December 31/18 | | | |
| 6027121 | to February 28/19 | 2,367 | 113 | 2,481 |
| 6053426 | to June 30/19 | 2,491 | 119 | 2,610 |
| | Total | 16,319 | 805 | 17,124 |

78. The Receiver notes that MLT Aikins LLP Invoices 6003619 and 6008750 have been allocated by the Receiver as between 1119 AB and 1012 SK.
79. It is the Receiver's position that its counsel's services have been duly authorized and rendered and that the charges are in the Receiver's opinion fair and reasonable in the circumstances. Copies of the foregoing described invoices of the Receiver and its legal counsel will be available for viewing by the Court at the hearing scheduled on Thursday, August 8, 2019 should the Court desire to review them.

BANKRUPTCY APPLICATION

80. As noted above, based on the Receiver's initial review of the books and records of the Company, certain transactions were identified which may appear to be preferential in nature or potential transactions at under value based on various statutes.

81. As a result, the Receiver understands that BDC intends on making an application before this Court to adjudge 1119 AB bankrupt.
82. Hardie & Kelly Inc. has consented to act as Licensed Trustee in bankruptcy of 1119 AB in the event that BDC makes such an application and the Court grants such relief.
83. As noted above, Hardie & Kelly Inc. has obtained an independent legal opinion as to the validity and enforceability of the BDC security as against any subsequently appointed Licensed Insolvency Trustee and has also entered into a separate fee arrangement with BDC with respect to a guarantee of its fees and disbursements when acting in the bankruptcy in accordance with section 13(4) of the *Bankruptcy and Insolvency Act*.

RECOMMENDATIONS

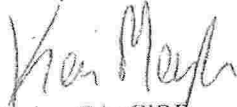
84. The Receiver respectfully recommends that this Honourable Court:
- (a) Approve the sale of the Westwood Inn substantially in the form of that contemplated by the Ghuman PSA;
 - (b) Approve the activities of the Receiver as described in the Receiver's First Report and the Confidential Supplement to the First Report;
 - (c) Approve the professional fees and disbursements of the Receiver and its counsel paid to date; and
 - (d) Direct that the Confidential Supplement to the First Report be ordered sealed for a period of three months from the date of the closing of the sale contemplated by the Ghuman PSA.

All of which is respectfully submitted this 29 day of July, 2019.

Hardie & Kelly Inc.

In its capacity as Receiver of 1119658 Alberta Ltd. and 101285461 Saskatchewan Ltd.
and not in its personal or corporate capacity.

Per:



Kevin Meyler, CA•CIRP
Senior Vice President

APPENDIX A

Government Corporation/Non-Profit Search of Alberta ■ Corporate Registration System

Date of Search: 2019/01/07
Time of Search: 05:15 PM
Search provided by: HARDIE & KELLY INC.

Service Request Number: 30253578
Customer Reference Number: Westwood Inn

Corporate Access Number: 2010582050
Legal Entity Name: 1058205 ALBERTA LTD.
Legal Entity Status: Active
Alberta Corporation Type: Numbered Alberta Corporation
Registration Date: 2003/07/23 YYYY/MM/DD

Registered Office:
Street: 155-52304 RANGE ROAD 233
City: SHERWOOD PARK
Province: ALBERTA
Postal Code: T8A 3X2

Records Address:
Street: 155-52304 RANGE ROAD 233
City: SHERWOOD PARK
Province: ALBERTA
Postal Code: T8A 3X2

Mailing Address:
Post Office Box: PO BOX 79202
City: SHERWOOD PARK
Province: ALBERTA
Postal Code: T8A 5S3

Directors:
Last Name: MAAN
First Name: K AMALJIT

1/7/2019

Street/Box Number: PO BOX 79202
City: SHERWOOD PARK
Province: ALBERTA
Postal Code: T8A 5S3

Voting Shareholders:

Last Name: MAAN
First Name: KAMALJIT
Street: PO BOX 79202
City: SHERWOOD PARK
Province: ALBERTA
Postal Code: T8A 5S3
Percent Of Voting Shares: 100

Details From Current Articles:

The information in this legal entity table supersedes equivalent electronic attachments

Share Structure: SEE SCHEDULE "A" ATTACHED.
Share Transfers: NO SHARES OF THE CORPORATION MAY BE TRANSFERRED WITHOUT THE CONSENT OF THE BOARD OF DIRECTORS OF THE CORPORATION AT A DULY RESTRICTED MEETING.
Restrictions: AGREED MEETING.
Min Number Of Directors: 1
Max Number Of Directors: 7
Business Restricted To: NONE
Business Restricted From: NONE
Other Provisions: NONE

Associated Registrations under the Partnership Act:

| Trade Partner Name | Registration Number |
|--------------------|---------------------|
| LUCKY HOMES | TN13022819 |

Other Information:**Last Annual Return Filed:**

| File Year | Date Filed (YYYY/MM/DD) |
|-----------|-------------------------|
| 2018 | 2018/06/21 |

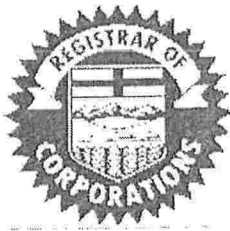
Filing History:

| List Date (YYYY/MM/DD) | Type of Filing |
|------------------------|---|
| 2003/07/23 | Incorporate Alberta Corporation |
| 2004/07/12 | Change Director / Shareholder |
| 2018/06/21 | Enter Annual Returns for Alberta and Extra-Provincial Corp. |

Attachments:

| Attachment Type | Microfilm Bar Code | Date Recorded (YYYY/MM/DD) |
|-----------------|--------------------|----------------------------|
| Share Structure | ELECTRONIC | 2003-07/23 |

This is to certify that, as of this date, the above information is an accurate reproduction of data contained within the official records of the Corporate Registry.



APPENDIX B

1119658 Alberta Ltd. (o/a Westwood Inn)
Interim Statement of Receipts and Disbursements ("ISR")
For the period December 5, 2018 to July 25, 2019

| | <u>\$ CAD</u> |
|--|-------------------------|
| Cash Receipts: | |
| Room revenues | \$ 289,648 |
| Funding from secured creditor | 60,000 |
| Other receipts | 30 |
| Total receipts | <u>349,678</u> |
| Cash Disbursements: | |
| Repairs and maintenance | \$ 61,527 |
| Receiver's fees and disbursements | 56,878 |
| Wages and benefits | 43,613 |
| Utilities | 40,666 |
| Property taxes | 30,545 |
| Legal fees | 19,066 |
| GST | 13,496 |
| Insurance | 11,968 |
| Office expenses | 9,045 |
| Hotel tax | 7,698 |
| Advertising and promotion | 5,197 |
| Bank charges and interest | 790 |
| Licences and dues | 100 |
| Total disbursements | <u>300,589</u> |
| Net cash receipts / (disbursements) | <u><u>\$ 49,089</u></u> |

Note:

Revenues recorded are inclusive of the collection of hotel taxes.

APPENDIX C

101285461 Saskatchewan Ltd. (o/a Quality Inn & Suites - Yorkton)
Interim Statement of Receipts and Disbursements ("ISR")
For the period December 5, 2018 to July 25, 2019

| | <u>\$ CAD</u> |
|-------------------------------------|--------------------------|
| Cash Receipts: | |
| Room revenues | \$ 776,881 |
| Receiver Borrowings | 200,000 |
| Other receipts | 43 |
| Total receipts | <u>976,923</u> |
| Cash Disbursements: | |
| Direct wages | \$ 360,731 |
| Receiver's fees and disbursements | 89,670 |
| Utilities | 77,604 |
| Comp meals | 66,843 |
| Royalty fees | 61,562 |
| Repairs and maintenance | 53,438 |
| Net GST | 29,985 |
| PST | 27,943 |
| Legal fees | 16,319 |
| Commissions | 17,863 |
| Supplies | 13,649 |
| Telephone and cable | 13,187 |
| Insurance | 12,653 |
| Contingency | 11,156 |
| Employee benefits | 10,501 |
| Advertising and promotion | 3,303 |
| Outside consulting | 2,919 |
| Office expenses | 1,290 |
| Rental | 1,273 |
| Workers Compensation | 468 |
| Business licences, taxes | 400 |
| Interest and bank charges | 95 |
| Total disbursements | <u>872,854</u> |
| Net cash receipts / (disbursements) | <u><u>\$ 104,070</u></u> |

APPENDIX B

Restrictive Covenant - Non-Mutual **Value:** N/A
Reg'd: 14 Jun 2010 15:59:43
Interest Register Amendment Date: N/A
Interest Assignment Date: N/A
Interest Scheduled Expiry Date: N/A
Expiry Date: N/A

Holder:
The Current Dominant Tenement
N/A
n/a, Saskatchewan, Canada S4P 3V7
Client #: 100009099

Int. Register #: 116506739

Interest #:
172159869

Mortgage

Value: \$5,500,000.00 CAD
Reg'd: 24 Aug 2015 08:33:24
Interest Register Amendment Date: N/A
Interest Assignment Date: N/A
Interest Scheduled Expiry Date: N/A
Expiry Date: N/A

Holder:
Business Development Bank of Canada
Suite 200, One Bentall Centre PO Box 6, 505 Burrard Street
Vancouver, British Columbia, Canada V7X 1M3
Client #: 104272769

Int. Register #: 121046464

Interest #:
172738503

Mortgage

Value: \$600,000.00 CAD
Reg'd: 20 Oct 2015 13:44:24
Interest Register Amendment Date: N/A
Interest Assignment Date: N/A
Interest Scheduled Expiry Date: N/A
Expiry Date: N/A

Holder:
1621804 Alberta Ltd.
4710 - 58th Street
Redwater, AB, Canada T0A 2W0
Client #: 130981057

Int. Register #: 121166759

Addresses for Service:

| Name | Address |
|---|---|
| Owner: 101285461 SASKATCHEWAN LTD. Client #: 130754730 | 1215 - 5TH STREET ESTEVAN, SK, Canada S4A 0Z5 |

Notes:

Parcel Class Code: Parcel (Generic)

[Back to top](#)

Province of Saskatchewan Land Titles Registry Title

Title #: 146957484
Title Status: Active
Parcel Type: Surface
Parcel Value: \$2,100,000.00 CAD
Title Value: \$2,100,000.00 CAD
Converted Title: 99Y07276
Previous Title and/or Abstract #: 131898156

As of: 06 Nov 2018 11:11:06
Last Amendment Date: 20 Oct 2015 13:44:23.677
Issued: 24 Aug 2015 08:33:23.077
Municipality: CITY OF YORKTON

101285461 SASKATCHEWAN LTD. is the registered owner of Surface Parcel #142833674

Reference Land Description: Lot 12 Blk/Par 7 Plan No 99Y06931 Extension 0
As described on Certificate of Title 99Y07276.

This title is subject to any registered interests set out below and the exceptions, reservations and interests mentioned in section 14 of *The Land Titles Act, 2000*.

Registered Interests:

Interest #:
172159814

CNV Easement

Value: N/A
Reg'd: 17 Nov 1983 00:20:05
Interest Register Amendment Date: N/A
Interest Assignment Date: N/A
Interest Scheduled Expiry Date: N/A
Expiry Date: N/A

Lt 12 W'ly 3m

Holder:

Saskatchewan Telecommunications
13th Floor, 2121 Saskatchewan Drive
Regina, Saskatchewan, Canada S4P 3Y2

Client #: 100006861

Int. Register #: 107698450

Converted Instrument #: 83Y12045

Feature #: 999999

Interest #:
172159825

CNV Easement

Value: N/A
Reg'd: 28 Feb 2000 00:02:51
Interest Register Amendment Date: N/A
Interest Assignment Date: N/A
Interest Scheduled Expiry Date: N/A
Expiry Date: N/A

Lt 11 W'ly 3.0m & Lt 12 W'ly 5m

Holder as Tenant in Common

Interest Share: 1/2

Interest Share Number: 183605508

Holder:

Saskatchewan Power Corporation

N/A
N/A, Saskatchewan, Canada
Client #: 100869880

Holder as Tenant in Common
Interest Share: 1/2
Interest Share Number: 183605519
Holder:
Saskatchewan Telecommunications
13th Floor, 2121 Saskatchewan Drive
Regina, Saskatchewan, Canada S4P 3Y2
Client #: 100006861

Int. Register #: 107698449
Converted Instrument #: 00Y01706

Interest #:
172159836

Restrictive Covenant - Non- (Dominant)
Mutual
Value: N/A
Reg'd: 14 Jun 2010 15:59:43
Interest Register Amendment Date: N/A
Interest Assignment Date: N/A
Interest Scheduled Expiry Date: N/A
Expiry Date: N/A

Holder:
The Current Dominant Tenement
N/A
n/a, Saskatchewan, Canada S4P 3V7
Client #: 100009099

Int. Register #: 116506739

Interest #:
172159870

Mortgage
Value: \$5,500,000.00 CAD
Reg'd: 24 Aug 2015 08:33:24
Interest Register Amendment Date: N/A
Interest Assignment Date: N/A
Interest Scheduled Expiry Date: N/A
Expiry Date: N/A

Holder:
Business Development Bank of Canada
Suite 200, One Bentall Centre PO Box 6, 505 Burrard Street
Vancouver, British Columbia, Canada V7X 1M3
Client #: 104272769

Int. Register #: 121046464

Interest #:
172738514

Mortgage
Value: \$600,000.00 CAD
Reg'd: 20 Oct 2015 13:44:24
Interest Register Amendment Date: N/A
Interest Assignment Date: N/A
Interest Scheduled Expiry Date: N/A
Expiry Date: N/A

Holder:
1621804 Alberta Ltd.

4710 - 58th Street
Redwater, AB, Canada T0A 2W0
Client #: 130981057

Int. Register #: 121166759

Addresses for Service:

| Name | Address |
|---|---|
| Owner: 101285461 SASKATCHEWAN LTD. Client #: 130754730 | 1215 - 5TH STREET ESTEVAN, SK, Canada S4A 0Z5 |

Notes:

Parcel Class Code: Parcel (Generic)



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