

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 **THIRD REPORT OF THE RECEIVER
BDO CANADA LIMITED
MARCH 1, 2021**

RECEIVER

BDO Canada Limited
110, 5800- 2nd Street SW
Calgary, Alberta T2H 0H2

Attention: Kevin Meyler
Phone: 403-536-8526
Fax: 403-640-0591
Email: kmeyler@bdo.ca

RECEIVER'S COUNSEL

Caron & Partners LLP
Fifth Avenue Place – West Tower
2120, 237 – 4th Avenue S.W.
Calgary, Alberta T2P 4K3

Attention: Dean Hutchison
Phone: 403-770-4023
Fax: 403-237-0111
Email: dhutchison@caronpartners.com

**THIRD REPORT OF THE RECEIVER
BDO CANADA LIMITED
MARCH 1, 2021**

INDEX

INTRODUCTION.....	3
TERMS OF REFERENCE.....	5
CORPORATE STRUCTURE.....	5
ASSETS.....	5
CREDITORS.....	6
ACTIVITIES OF THE RECEIVER.....	8
BONNYVILLE LANDS.....	9
STATEMENT OF RECEIPTS AND DISBURSEMENTS.....	10
PROFESSIONAL FEES.....	10
PROPOSED DISTRIBUTIONS.....	12
DISCHARGE OF THE RECEIVER.....	13
RECOMMENDATIONS.....	13

APPENDIX

1119 AB BDC LOAN STATEMENT.....	A
1012 SK BDO LOAN STATEMENT.....	B
CONSENT ORDER GRANTED MARCH 16, 2020.....	C
1119 AB STATEMENT OF RECEIPTS AND DISBURSEMENTS.....	D
1012 SK STATEMENT OF RECEIPTS AND DISBURSEMENTS.....	E
PROPOSED FORM OF DISCHARGE CERTIFICATE.....	F

INTRODUCTION

1. On December 5, 2018, the Business Development Bank of Canada (“**BDC**”) sought and obtained an Order (the “**Receivership Order**”) of the Court of Queen’s Bench of Alberta (the “**Court**”) appointing Hardie & Kelly Inc. (“**H&K**”) as Receiver (the “**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 Court in connection with seeking, *inter alia*, court approval for the sale of the substantial asset of 1119 AB, being a 53 room limited service hotel located in Drayton Valley, Alberta 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. On August 8, 2019, pursuant to an application by BDC, the Court issued an Order adjudging 1119 AB bankrupt and appointing Hardie & Kelly Inc. as Licensed Insolvency Trustee of its estate pending affirmation by its creditors which was obtained at its first meeting of creditors held on August 29, 2019.
5. On September 23, 2019, the Receiver filed its Second Report and Confidential Supplement to the Second Report with this Honourable Court in connection with seeking, *inter alia*, court approval for the sale of the substantial asset of 1012 SK being a 97 room, mid-service hotel located in Yorkton, Saskatchewan operating as the Quality Inn – Yorkton, with such relief granted on October 2, 2019. The Receiver advises that this sale closed on October 17, 2019.

6. On June 30, 2020, pursuant to a merger of H&K and BDO Canada Limited (“**BDO**”), Madam Justice K.M. Horner of this Honourable Court granted an Order (the “**Substitution Order**”), substituting BDO for H&K in its capacity as Receiver, with the effect that references to Receiver herein shall refer to both H&K and BDO in such capacity.
7. On December 17, 2020, pursuant to an application by BDC, the Court of Queen’s Bench of Saskatchewan, in Bankruptcy and Insolvency, issued an Order declaring 1012 SK bankrupt and appointing BDO as Licensed Insolvency Trustee of its estate pending affirmation by its creditors which was obtained at its first meeting of creditors held on January 7, 2021.
8. The purpose of this report (the “**Third Report**”) is to provide information to the Court in respect of:
 - (a) Information pertaining to the background of 1119 AB and 1012 SK, including their corporate structure and creditor compositions;
 - (b) The Receiver’s activities subsequent to the date of the Second Report;
 - (c) A statement of receipts and disbursements for each of 1119 AB and 1012 SK as at February 26, 2021;
 - (d) Details of the professional fees incurred and forecast to be incurred by the Receiver and its counsel with respect to this matter;
 - (e) Details of a proposed interim distribution to the creditors of 1119 AB and a proposed final distribution to the creditors of 1012 SK;
 - (f) The Receiver’s application to seek its discharge over the estate of 1012 SK; and
 - (g) The Receiver’s recommendations thereon as appropriate.
9. Capitalized terms not defined in this Third Report are as defined in the Receivership Order, the Initial Singh Affidavit or the Receiver’s First Report or Second Report.
10. All references to currency are in Canadian dollars unless otherwise noted.

11. 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

12. In preparing this Third 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 (collectively, "**Management**").
13. 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 Third Report.

CORPORATE STRUCTURE

14. Based on a corporate registry 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.
15. Based on a corporate registry 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.

ASSETS

1119 AB

16. The substantial asset of 1119 AB was an approximate 53 room, limited service hotel located on +/- 2.0 acres of land at the civic address of 5002-34 Drayton Valley, Alberta, o/a the Westwood Inn (the "**Westwood Inn**").

1012 SK

17. The substantial asset of 1012 SK was an approximate 97 room, mid-service hotel located on +/- 1.63 acres of land 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.

18. The Receiver notes that QI Yorkton was a union-based environment with the employees represented by the Saskatchewan Joint Board, Retail, Wholesale and Department Store Union (the “**Union**”).

CREDITORS

1119 AB

Creditors claiming a security interest

19. Based on a search of the Alberta Personal Property Registry dated February 23, 2021, the following creditor has registered a security interest against 1119 AB:
- (a) BDC registered a security interest over all present and after acquired personal property.
20. 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; and
 - (b) 1621804 Alberta Ltd. registered a mortgage on October 28, 2015 with a registered value of \$600,000.
21. BDC has provided a loan statement as of February 23, 2021, attached as **Appendix “A”**, that illustrates net indebtedness of 1119 AB to BDC of approximately \$2,631,254.71.

Employees / WEPP

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

Canada Revenue Agency (“CRA”) – Employer Source Deductions

23. CRA has filed an unsecured claim for unremitted source deductions in the amount of \$192.86 in the estate of 1119 AB.

Canada Revenue Agency – Goods and Services Taxes (“GST”)

24. CRA has advised the Receiver that the accounts of 1119 AB do not reveal any amounts outstanding with respect to unremitted GST.

Unsecured creditors

25. As the books and records of 1119 AB were incomplete, the Receiver was unable to obtain a comprehensive listing of its creditors. Given the shortfall on the secured creditor’s indebtedness, there will be no distribution to the unsecured creditors of 1119 AB. The Receiver is therefore not recommending the completion of a claims process to identify and quantify such unsecured claims.

1012 SK

Creditors claiming a security interest

26. Based on a search of the Saskatchewan Personal Property Registry dated December 17, 2020, the following creditor has registered a security interest against 1012 SK:
- (a) BDC registered a Personal Property Security Agreement on July 23, 2015, claiming an interest over, *inter alia*, all present and after-acquired personal property of 1012 SK.
27. Based on a land title search of the QI Yorkton dated September 17, 2019, the Receiver notes, *inter alia*, the following registered security interests against the QI Yorkton:
- (a) BDC registered a mortgage on August 24, 2015 with a registered value of \$5,500,000; and
 - (b) 1621804 Alberta Ltd. registered a mortgage on October 20, 2015 with a registered value of \$600,000.
28. BDC has provided a loan statement as of February 23, 2021, attached as **Appendix “B”** that illustrates net indebtedness of 1012 SK to BDC of approximately \$3,316,293.97.

Employees / WEPP

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

Canada Revenue Agency – Employer Source Deductions

30. CRA has advised the Receiver that the accounts of 1012 SK do not reveal any amounts outstanding with respect to unremitted employee source deductions.

Canada Revenue Agency – Goods and Services Taxes

31. CRA holds an unsecured claim in the amount of \$9,802.83 with respect to unremitted GST which would not have priority status given the bankruptcy of 1012 SK.

Provincial Sales Tax

32. The Province of Saskatchewan has advised that they are owed approximately \$51,355.83 in provincial sales taxes as of February 18, 2020 which the Receiver understands would not have priority status given the bankruptcy of 1012 SK.

Unsecured creditors

33. As the books and records of 1012 SK were incomplete, the Receiver was unable to obtain a comprehensive listing of its creditors. Given the shortfall on the secured creditor's indebtedness, there will no distribution to the unsecured creditors of 1012 SK. The Receiver therefore is not recommending the completion of a claims process to identify and quantify such unsecured claims.

ACTIVITIES OF THE RECEIVER

34. Subsequent to the Second Report, the Receiver has, *inter alia*:
- (a) Continued to administer the accounts payable, payroll, accounts receivable and banking functions on behalf of 1012 SK until the closing of its sale transaction regarding QI Yorkton;
 - (b) Continued to liaise with employees and contractors to respond to maintenance, staffing and other operational activities on an as required basis until the closing of the sale transaction regarding QI Yorkton;

- (c) Resolved an outstanding insurance claim pertaining to the Westwood Inn;
- (d) Worked with the purchaser of the QI Yorkton and respective legal counsel to complete the sale transaction as previously approved by this Honourable Court, including discussions with the Union;
- (e) Consideration and steps towards the realization of the Bonnyville Lands (as defined below) on a commercially reasonable basis in light of the COVID-19 pandemic (the “**Pandemic**”);
- (f) Provided updates the stakeholders as required; and
- (g) Attended to various other administrative matters as it pertains to the Receivership.

BONNYVILLE LANDS

- 35. As described in the First Report, in its initial review of the available books and records, the Receiver identified a transfer of certain lands located in Bonnyville, Alberta (the “**Bonnyville Lands**”) by 1119 AB to 1058205 Alberta Ltd. (“**1058 AB**”), which is a related party to 1119 AB by virtue of being controlled by a related person.
- 36. On August 29, 2019, the Trustee filed materials with this Honourable Court in the bankruptcy proceedings of 1119 AB with respect to an application (the “**TUV Application**”) seeking an Order, *inter alia*, setting aside the transfer of the Bonnyville Lands by 1119 AB to 1058 AB pursuant to section 96 of the *Bankruptcy and Insolvency Act*.
- 37. The TUV Application was ultimately settled by way of Consent Order dated March 16, 2020 (the “**Consent Order**”), a filed copy of which is attached as **Appendix “C”** which provided that the Bonnyville Lands would be reverted back to the estate of 1119 AB and a new land title would be issued noting 1119 AB as registered owner.
- 38. Given the Pandemic and the Receiver’s understanding of the relative inactivity in real estate markets in locations such as Bonnyville, Alberta, upon discussions with stakeholders, the Receiver initially deferred listing the Bonnyville Lands for sale in a depressed market.

39. However, as it has now been approximately one year subsequent to the issuance of a Consent Order, with no definitive timeline for a market rebound, the Receiver has sought listing proposals from two independent realtors with the intention of finalizing a marketing process in the imminent future in order to mitigate continuing professional fees and holding costs.
40. Paragraph 3(k) of the Receivership Order provides the Receiver with the authority to market the property, including advertising and soliciting offers. The Receiver has corresponded with both BDC and former principals of 1119 AB to advise of the Receiver's proposed listing parameters and has received no material concerns with respect to same.
41. The Receiver intends on making a further application to this Court seeking the Court's approval of a sale of the Bonnyville Lands upon receiving a satisfactory offer, in accordance with the terms of the Receivership Order.

STATEMENT OF RECEIPTS AND DISBURSEMENTS

42. The Receiver has enclosed a statement of receipts and disbursements ("**SRD**") for the period of December 5, 2018 to February 26, 2021 for each of 1119 AB and 1012 SK (the "**1119 AB SRD**" and the "**1012 SK SRD**") as **Appendices "D"** and "**E**" respectively, together with certain accompanying comments.
43. The 1119 SRD and 1012 SRD illustrate that the estates of 1119 AB and 1012 SK are holding approximately \$743,844 and \$2,911,274 as at February 26, 2021.

PROFESSIONAL FEES

44. 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 time not distinguishable as unique to one entity, it has been allocated evenly as between 1119 AB and 1012 SK.

1119 AB

45. The Receiver and its counsel have incurred professional fees subsequent to those detailed and approved in its First Report of approximately \$34,185 and \$19,451 respectively pertaining to the estate of 1119 AB. The professional fees approved in the First Report covered the period up to May 31, 2019 for the Receiver and up to June 30, 2019 for its counsel.
46. The Receiver will be concurrently filing an Affidavit containing copies of its billings for 1119 AB and a summary of those of its counsel for which it is currently seeking approval.
47. 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.

1012 SK

48. The Receiver and its counsel have incurred professional fees subsequent to those detailed and approved in its First Report of approximately \$99,480 and \$20,380 respectively pertaining to the estate of 1012 SK. The professional fees approved in the First Report covered the period up to May 31, 2019 for the Receiver and up to June 30, 2019 for its counsel.
49. The Receiver will be concurrently filing an Affidavit containing copies of its billings for 1012 SK and a summary of those of its counsel for which it is currently seeking approval.
50. 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.
51. The Receiver and its counsel estimate an accrual for professional fees to completion of these proceedings of \$7,500 and \$5,000 plus taxes respectively (the "**1012 Professional Fees Holdback**").

PROPOSED DISTRIBUTIONS

1119 AB

52. As described above, the Receiver is currently holding approximately \$743,844 in the estate of 1119 AB as of February 26, 2021. The Receiver proposes to withhold approximately \$25,000 with respect to ongoing holding costs of the property (primarily insurance) for an extended sales process to arrive at approximately \$718,844 (the “**1119 Interim Distributable Proceeds**”).
53. The Receiver has obtained an independent legal opinion as to the validity and enforceability of the security held by BDC over the assets of 1119 AB, with such opinion noting that, subject to the standard limitations, the security of BDC is valid and enforceable.
54. As a result, the Receiver is seeking the approval of this Honourable Court for an interim distribution to BDC of the 1119 Interim Distributable Proceeds from the estate of 1119 AB (the “**1119 Interim Distribution**”).

1012 SK

55. As described above, the Receiver is currently holding approximately \$2,911,274 in the estate of 1012 SK as of February 26, 2021, which less the Professional Fees Holdback, arrives at a balance of approximately \$2,898,149 (the “**1012 Distributable Proceeds**”).
56. The Receiver has obtained an independent legal opinion as to the validity and enforceability of the security held by BDC over the assets of 1012 SK, with such opinion noting that, subject to the standard limitations, the security of BDC is valid and enforceable.
57. As a result, the Receiver is seeking the approval of this Honourable Court for a distribution to BDC of the 1012 Distributable Proceeds from the estate of 1012 SK, together with any further incidental receipts (if any), with total distributions not to exceed the maximum of 1012 SK’s indebtedness to BDC (the “**1012 Distribution**”).

DISCHARGE OF THE RECEIVER

58. As the Receiver has substantially completed its administration of the receivership tasks of 1012 SK, with primarily minor administrative tasks remaining, it is seeking the Court’s approval for its discharge as Receiver of 1012 SK. The Receiver seeks to have its discharge before effective upon the filing of certificate of completion / discharge certificate substantially in the form attached as **Appendix “F”**.

RECOMMENDATIONS

59. The Receiver respectfully recommends that this Honourable Court:
- (a) Approve the activities of the Receiver as currently before the Court;
 - (b) Approve the fees and disbursements of the Receiver, its counsel and the 1012 Professional Fees Holdback;
 - (c) Approve the 1119 SRD and the 1012 SRD;
 - (d) Approve the 1119 Interim Distribution and the 1012 Distribution; and
 - (e) Approve the discharge of the Receiver over 1012 SK.

All of which is respectfully submitted this 1st day of March 2021.

BDO Canada Limited

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”

Meyler, Kevin

From: SINGH, Hardeep (CAL-N) <hardeep.singh@bdc.ca>
Sent: February 24, 2021 5:10 PM
To: Meyler, Kevin
Subject: [EXT] 1119658 Alberta
Attachments: BS-1119658-Ab-DraytonValley-01-Feb-23-2021.pdf

Please find enclosed a loan balance for account number 089654, pertaining to 1119658 Alberta Ltd. as of February 23, 2021.

Hardeep Singh

Senior Account Manager, Special Accounts | Directeur de comptes principal, Comptes spéciaux
T 403-292-4945 C 403-614-2650 F 403-292-6651



bdc.ca



Confidentiality Warning: This message and any attachments are intended only for the use of the intended recipient(s), are confidential, and may be privileged. If you are not the intended recipient, you are hereby notified that any review, retransmission, conversion to hard copy, copying, circulation or other use of this message and any attachments is strictly prohibited. If you are not the intended recipient, please notify the sender immediately by return email, and delete this message and any attachments from your system. Thank you!

Information confidentielle: Le présent message, ainsi que tout fichier qui y est joint, est (sont) envoyé(s) à l'intention exclusive de son ou (ses) destinataire(s); il est de nature confidentielle et peut faire l'objet d'une information privilégiée. Nous avisons toute personne autre que le destinataire prévu que tout examen, réacheminement, impression, copie, distribution ou toute autre utilisation de ce message et tout document joint est (sont) strictement interdit(s). Si vous n'êtes pas le destinataire prévu, veuillez en aviser immédiatement l'expéditeur par retour de courriel et supprimer ce message et tout document joint de votre système. Merci!

Client Number 089654



C/A Number 08965401

Description	Outstanding (Includes payments in arrears)	Arrears
PRINCIPAL	2,070,548.15	2,070,548.15
INTEREST	399,519.34	390,011.96
ANNUAL ADMINISTRATION FEE	2,250.00	2,250.00
PROTECTIVE DISBURSEMENT	142,863.66	142,863.66
INTEREST ON PROTECTIVE DISBURSEMENT	16,073.56	15,461.80
Total	2,631,254.71	2,621,135.57

Description	Value
UNDISBURSED	0.00
INTEREST RATE PLAN	Daily float
EFFECTIVE BASE RATE	4.550000 %
VARIANCE RATE	0.000000 %
INTEREST ADJUSTMENT DATE	
BILL TYPE	
FREQUENCY	
NEXT PAYMENT DATE	
NEXT PRINCIPAL DUE	0.00
TARGET IRR	0.000000 %
ACTUAL IRR	-0.603750 %

APPENDIX “B”

Meyler, Kevin

From: SINGH, Hardeep (CAL-N) <hardeep.singh@bdc.ca>
Sent: February 24, 2021 5:11 PM
To: Meyler, Kevin
Subject: [EXT] 101285461 Saskatchewan Ltd.
Attachments: BS-101285461-Sk-01-Feb-23-2021.pdf

Please find enclosed a loan balance for account number 089712, pertaining to 101285461 Saskatchewan Ltd. as of February 23, 2021.

Hardeep Singh

Senior Account Manager, Special Accounts | Directeur de comptes principal, Comptes spéciaux
T 403-292-4945 C 403-614-2650 F 403-292-6651



bdc.ca



Confidentiality Warning: This message and any attachments are intended only for the use of the intended recipient(s), are confidential, and may be privileged. If you are not the intended recipient, you are hereby notified that any review, retransmission, conversion to hard copy, copying, circulation or other use of this message and any attachments is strictly prohibited. If you are not the intended recipient, please notify the sender immediately by return email, and delete this message and any attachments from your system. Thank you!

Information confidentielle: Le présent message, ainsi que tout fichier qui y est joint, est (sont) envoyé(s) à l'intention exclusive de son ou (ses) destinataire(s); il est de nature confidentielle et peut faire l'objet d'une information privilégiée. Nous avisons toute personne autre que le destinataire prévu que tout examen, réacheminement, impression, copie, distribution ou toute autre utilisation de ce message et tout document joint est (sont) strictement interdit(s). Si vous n'êtes pas le destinataire prévu, veuillez en aviser immédiatement l'expéditeur par retour de courriel et supprimer ce message et tout document joint de votre système. Merci!

Client Number 089712



C/A Number 08971201

Description	Outstanding (Includes payments in arrears)	Arrears
PRINCIPAL	2,140,960.00	2,140,960.00
INTEREST	471,094.78	461,040.90
ANNUAL ADMINISTRATION FEE	2,250.00	2,250.00
PROTECTIVE DISBURSEMENT	611,258.01	611,258.01
INTEREST ON PROTECTIVE DISBURSEMENT	69,799.47	67,178.05
DEPOSIT WITHOUT INT.-OVERDUE INSTALMENT	117,000.00	114,000.00
Total	3,412,362.26	3,396,686.96

Description	Value
DEPOSIT ACCOUNT WITHOUT INTERESTS	96,068.29
Total Deposit	96,068.29
Total Net	3,316,293.97
UNDISBURSED	0.00
INTEREST RATE PLAN	Daily float
EFFECTIVE BASE RATE	4.550000 %
VARIANCE RATE	0.000000 %
INTEREST ADJUSTMENT DATE	
BILL TYPE	
FREQUENCY	
NEXT PAYMENT DATE	
NEXT PRINCIPAL DUE	0.00
TARGET IRR	0.000000 %
ACTUAL IRR	-0.699230 %

APPENDIX “C”

COURT FILE NUMBER BK03-116029
ESTATE NO: 24-116029
COURT COURT OF QUEEN'S BENCH OF ALBERTA
IN BANKRUPTCY
JUDICIAL CENTRE EDMONTON

IN THE MATTER OF THE BANKRUPTCY OF
1119658 ALBERTA LTD.

DOCUMENT **CONSENT ORDER**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
CARON & PARTNERS LLP
Barristers & Solicitors
Fifth Avenue Place – West Tower
2120, 237 – 4th Avenue S.W.
Calgary, Alberta T2P 4K3
Phone: 403-770-4023
Fax: 403-237-0111
Attention: Dean A. Hutchison
Solicitors for Hardie & Kelly Inc.

DATE ON WHICH ORDER WAS PRONOUNCED: Monday, March 16, 2020

LOCATION WHERE ORDER WAS PRONOUNCED: Edmonton, Alberta

NAME OF JUSTICE WHO MADE THIS ORDER: The Honourable Mr. Justice M.J. Lema

UPON THE APPLICATION by Hardie & Kelly Inc. (the "Trustee") in its capacity as the trustee in bankruptcy of the bankrupt estate of 1119658 Alberta Ltd. seeking certain relief with respect to the Area 1 Bonnyville Lands, the Area 4 Bonnyville Lands and the BMW (as defined below) made by way of an Amended Application filed October 25, 2019 (the "Application"); AND UPON HAVING read the Bankruptcy Order dated August 9, 2019, the Application, the Affidavit of Kevin Meyler sworn November 29, 2019, the Affidavit of Kuldeep Mann sworn January 13, 2020, the Affidavit of Peter Webster sworn January 23, 2020, the Brief of the Applicant / Trustee filed March 9, 2019, and the Brief of the Respondents filed March 12, 2020, all filed; AND UPON NOTING that the Trustee, of the one part, and 111658 Alberta Ltd, 1058205 Alberta Ltd., Kuldeep Mann and Kamaljit Mann (collectively, the "Respondents") of the

second part, have reached an agreement with respect to the matters at issue in the Application; **AND UPON FURTHER** noting that counsel for each of the Trustee and the Respondents have been provided their respective written consent to the within Order; **AND UPON HEARING** the submissions of counsel for the Trustee;

IT IS HEREBY ORDERED AND DECLARED THAT:

1. The Registrar of the Land Titles of Northern Alberta (the "Registrar") is hereby directed to immediately cancel the existing Certificate of Title Number 172 226 370 regarding the lands legally described as:

Plan 1622416
 Block 21
 Lot 1
 Excepting Thereout All Mines and Minerals

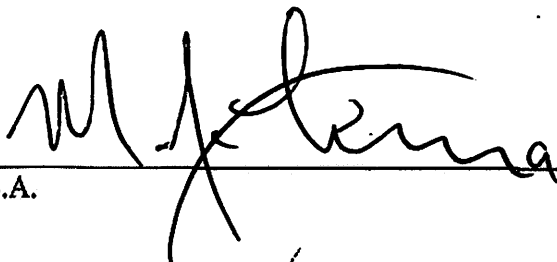
(the "Area 1 Bonnyville Lands"), and issue a new Certificate of Title for the Area 1 Bonnyville Lands in the name of 1119658 Alberta Ltd. as the registered owner notwithstanding the requirements of section 191(1) of the *Land Titles Act*, R.S.A. 2000, c. L-7 (the "LTA").

2. The Registrar is hereby directed to immediately discharge the Caveat – Agreement Charging Land that was registered August 30, 2017 by Kuldeep Mann against title to the Area 1 Bonnyville Lands as registration number 172 226 371 notwithstanding the requirements of section 191(1) of the *LTA*.
3. The Registrar is hereby directed to immediately cancel the existing Certificate of Title Number 172 226 383 regarding the lands legally described as:

Plan 9520604
 Area 4
 Containing 1.54 Hectares (3.81 Acres) More or Less
 Excepting Thereout: Hectares (Acres) More or Less
 A) Plan 1622416 Subdivision 0.623 1.54
 Excepting Thereout All Mines and Minerals

(the "Area 4 Bonnyville Lands"), and issue a new Certificate of Title for the Area 4 Bonnyville Lands in the name of the 1119658 Alberta Ltd. as the registered owner notwithstanding the requirements of section 191(1) of the LTA.

- 4. The Registrar is hereby directed to immediately discharge the Caveat -- Agreement Charging Land that was registered August 30, 2017 by Kuldeep Mann against title to the Area 4 Bonnyville Lands as registration number 172 226 384 notwithstanding the requirements of section 191(1) of the LTA.
- 5. The Respondents, 1119658 Alberta Ltd., 1058205 Alberta Ltd., Kuldeep Mann (also known as Kelly Mann), and Kamaljit Mann, shall each fully cooperate with the Trustee, the Trustee's legal counsel, and any real estate agents, with respect to the marketing of the Area 1 Bonnyville Lands and the Area 4 Bonnyville Lands for sale.
- 6. All claims of the Trustee with respect to the transfer and sale of a 2014 BMW X5 motor vehicle bearing serial number 5UXKR0C50E0C27297 (the "BMW") under a Bill of Sale dated October 26, 2018 between 1119658 Alberta Ltd., Kuldeep Mann and Kamaljit Mann, are hereby released.
- 7. Consent to this Order may be provided in counterpart and by facsimile, PDF, or other electronic means.

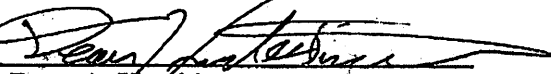


J.C.C.Q.B.A.

CONSENTED TO BY:

CARON & PARTNERS LLP

Per:

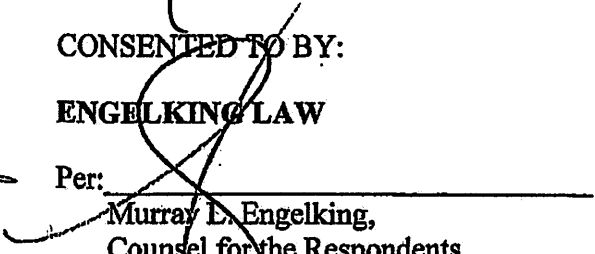


Dean A. Hutchison,
 Counsel for the Applicant,
 Hardie & Kelly Inc., in its capacity as
 Trustee in Bankruptcy of the bankrupt
 estate of 1119658 Alberta Ltd.

CONSENTED TO BY:

ENGELKING LAW

Per:



Murray E. Engelking,
 Counsel for the Respondents,
 1119658 Alberta Ltd., 1058205 Alberta
 Ltd., Kuldeep Mann and Kamaljit Mann

APPENDIX “D”

**1119658 Alberta Ltd. (o/a Westwood Inn) - In Receivership
Interim Statement of Receipts and Disbursements ("ISR")
For the period December 5, 2018 to February 26, 2021**

Cash Receipts:

Sale of assets	815,000
Room revenues	315,199
Insurance claim proceeds	15,979
Cash in bank	15,847
Receiver's Borrowings	7,643
GST refund	4,686
Other receipts	1,166
Total receipts	<u>1,175,520</u>

Cash Disbursements:

Receiver's fees and disbursements	91,063
Repairs and maintenance	64,089
Wages and benefits	50,843
Utilities	48,513
Legal Fees	38,517
Realtor commissions	20,375
Property taxes	53,601
GST	16,741
Insurance	21,301
Office expenses	11,232
Hotel tax	7,698
Misc. disbursements	6,189
Bank charges and interest	1,513
Total disbursements	<u>431,675</u>
Net cash receipts / (disbursements)	<u><u>743,844</u></u>

APPENDIX “E”

101285461 Saskatchewan Ltd. (o/a Quality Inn & Suites - Yorkton)
Statement of Receipts and Disbursements ("SRD")
For the period December 5, 2018 to February 26, 2021

Cash Receipts:

Sale of Assets	2,900,000
Room revenues	1,294,954
Receiver Borrowings	200,000
Other receipts	4,048
Total receipts	<u>4,399,002</u>

Cash Disbursements:

Payment to secured creditor	-
Direct wages	556,087
Receiver's fees and disbursements	189,150
Royalty fees	123,199
Utilities	110,807
Comp meals	94,560
Realtor Commission	76,850
PST	72,017
Repairs and maintenance	63,107
Net GST	37,751
Legal fees	36,700
Supplies	31,607
Commissions	28,355
Insurance	24,580
Telephone and cable	17,606
Miscellaneous disbursements	16,842
Employee benefits	13,680
Rental	8,193
Outside consulting	7,004
Interest and bank charges	95
Property Taxes	(20,463)

Total disbursements	<u>1,487,728</u>
---------------------	------------------

Net cash receipts / (disbursements)	<u><u>2,911,274</u></u>
--	-------------------------

APPENDIX “F”

SCHEDULE “A”

COURT FILE NUMBER	1803-21971
COURT	COURT OF QUEEN’S BENCH OF ALBERTA
JUDICIAL CENTRE	EDMONTON
	IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY OF 1119658 ALBERTA LTD. and 101285461 SASKATCHEWAN LTD.
PLAINTIFF	BUSINESS DEVELOPMENT BANK OF CANADA
DEFENDANTS	1119658 ALBERTA LTD. and 101285461 SASKATCHEWAN LTD.
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	CARON & PARTNERS LLP Barristers & Solicitors Fifth Avenue Place – West Tower 2120, 237 – 4th Avenue S.W. Calgary, Alberta T2P 4K3 Phone: 403-770-4023 Fax: 403-237-0111 Attention: Dean A. Hutchison

CERTIFICATE OF COMPLETION / DISCHARGE CERTIFICATE

The undersigned hereby certifies for the purposes of the Order made on the 10th day of March, 2021 by the Honourable Madam Justice D.L. Shelley (the “**Discharge Order**”) in the matter of the receivership of 101285461 Saskatchewan Ltd. under Court File No.: 1803-21971 (the “**Receivership Proceedings**”), that the net proceeds of the receivership estate of 101285461 Saskatchewan Ltd.. have been distributed in accordance with the terms of the Discharge Order as approved by the Court of Queen's Bench of Alberta; and

The undersigned is now discharged as the Receiver of 101285461 Saskatchewan Ltd..

Dated this ___ day of _____, 2021

**BDO Canada Limited, in its capacity as Court-appointed Receiver of
101285461 Saskatchewan Ltd, and not in its personal capacity.**

Per: _____

Name:

Title: