

District of Alberta  
Division No. Edmonton  
Court/ Estate No. 24-2806171

**IN THE MATTER OF THE BANKRUPTCY OF  
ECO-INDUSTRIAL BUSINESS PARK INC.  
TRUSTEE'S PRELIMINARY REPORT**

**BACKGROUND**

1. On November 4, 2021, Lot 11 GP Ltd. ("**LGP**"), Lot 11 Limited Partnership, Eco-Industrial Business Park Inc. ("**Eco**" or the "**Bankrupt**"), Absolute Energy Resources Inc., and Absolute Environmental Waste Management Inc. (collectively referred to as the "**Companies**") were placed into receivership by an order (the "**Receivership Order**") of the Court of Queen's Bench of Alberta (the "**Court**") and MNP Ltd. was appointed as Receiver (the "**Receiver**") over the assets and undertakings of the Companies (the "**Property**")
2. The Receivership Order was granted pursuant to an application by Romspen Mortgage Limited Partnership and Romspen Investment Corporation (collectively referred to as "**Romspen**"), who hold first-ranking mortgages against the Property and general security agreements against the Companies (the "**Romspen Security**").
3. Eco is the registered owner of real estate located at the following civic addresses:
  - 1810 Yellowhead Trail NW Edmonton AB;
  - 550 Hayter Road NW Edmonton AB;
  - 630 Hayter Road NW Edmonton AB;
  - 11900 17 Street NW Edmonton AB;
  - 590 Hayter Road NW Edmonton AB;
  - 12225 17 Street NW Edmonton AB; and
  - 1050 Hayter Road NW Edmonton AB T6S 1A2.
4. Eco is also the licensee of two disposal wells and a disposal facility as well as certain physical assets and equipment all of which is located on the Eco Lands.
5. As afforded under the powers of paragraph 4. (q) of the Receivership Order, the Receiver filed an assignment in bankruptcy on behalf of Eco on February 17, 2022, which became effective by way of a Certificate of Appointment from the Office of the Superintendent of Bankruptcy on February 18, 2022. MNP Ltd. was named as Trustee of Eco's bankrupt estate.
6. On February 18, 2022, the Notice of Bankruptcy, Notice of First Meeting of Creditors ("**FMO**C"), a list of creditors, proof of claim and proxy was sent to all known creditors of Eco.
7. Pursuant to subsection 102(4) of the BIA, notice of Eco's bankruptcy was published in the February 25, 2022 edition of the Calgary Herald.

8. The Bankrupt's insolvency was due to operational issues relating to disrepair of its operating assets and its inability to service both the repairs and its ongoing debts.
9. The Receiver has assigned Eco into bankruptcy in order preserve certain statutory timelines and utilize the investigate powers of the Trustee to assess the transfer of certain legal actions in which Eco was involved prior to the Receivership Order being granted.
10. More particularly, subsequent to the Receivership Order, it came to the attention of the Receiver that two actions filed in the Court (Action No. 78867 and Action No. 78869) were assigned by way of an Assignment an Assumption Agreement by Eco to a related entity, Symmetry Asset Management Inc. on December 1, 2019. The Receiver notes that the Assignment and Assumption Agreements were made for no consideration to Eco and the Trustee is reviewing the underlying support to determine if the Assignment and Assumption Agreements are void as against the Trustee.

### **BOOKS AND RECORDS**

11. The Receiver, where possible, will provide the relevant books and records to the Trustee which are required for the administration of the Bankrupt's estate.

### **CONSERVATORY AND PROTECTIVE MEASURES**

12. All the Bankrupt's assets are subject to the Receivership Order and the ongoing receivership proceedings. The Trustee does not anticipate that conservatory and protective measures are necessary.

### **ASSET REALIZATION AND PROJECTED DISTRIBUTION**

13. The assets listed on the Bankrupt's Statement of Affairs are as follows:

<u>Description</u>	<u>Amount</u>
Real Property	\$14,461,830
Total Assets	<u>\$14,461,830</u>

14. All the Bankrupt's assets will be liquidated through the Receivership proceedings. Based on the value of the Bankrupt's assets as compared to its secured debt, the Trustee does not, at this time, anticipate that dividends will become available through the bankruptcy proceedings.

### **SUMMARY OF CLAIMS**

15. The Bankrupt's statement of affairs listed the following creditor claims:

<u>Description</u>	<u>Amount</u>
Secured	\$83,882,417.65
Preferred	-
Unsecured	6.00
	<u>\$83,882,423.65</u>

16. As of 9:00 AM, March 9, 2022, the Trustee has received the following claims:

<u>Description</u>	<u># of claims</u>	<u>Amount</u>
Secured	2	\$85,506,881.69
Preferred	-	-
Unsecured	2	512,972.10
	<u>4</u>	<u>\$86,019,853.79</u>

## LEGAL

17. The Receiver had retained the services of Osler, Hoskin & Harcourt LLP (“**Oslers**”) to provide an independent security opinion regarding the enforceability of Romspen’s security. Oslers has rendered an opinion that, subject to customary assumptions and qualifications, the Romspen Security constitutes a valid and enforceable first charge in respect of the Eco Lands.
18. The Trustee will be seeking confirmation of Oslers as the Estate solicitors at the First Meeting of Inspectors (if inspectors are appointed)

## REVIEW OF FRAUDULENT PREFERENCES AND TRANSFERS AT UNDERVALUE

19. The Trustee will review transactions that may qualify as a transfer at undervalue or reviewable transaction as defined by subsections 95 and 96 of the *Bankruptcy and Insolvency Act*, previously identified in paragraph 10. Subsequent to its review, the Trustee will assess what, if any, further actions are required.

## OTHER

20. The Trustee’s fees and disbursements are being paid by Romspen through a fee guarantee.
21. Further information with respect to these proceedings will be made available on the Trustee’s website at <https://mnpdebt.ca/en/corporate/corporate-engagements/eco-industrial-business-park-inc> as it becomes available.

Dated at Calgary, Alberta this 9<sup>th</sup> day of March 2022.

### MNP Ltd.,

In its capacity as Trustee of  
Eco-Industrial Business Park Inc. and not in its personal  
or corporate capacity



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Victor P. Kroeger, CPA, CA, CIRP, LIT, CFE  
Senior Vice President