

District of Alberta
Division No: 01-Edmonton
Court No. 25-3064208
Estate No. 25-3064208

In the Matter of the Bankruptcy of Leo's Building Supplies Ltd.

Trustee's Preliminary Report

MNP Ltd.
Licensed Insolvency Trustee

Appointment

Leo's Building Supplies Ltd. ("the **Bankrupt**") filed an Assignment in Bankruptcy on April 4, 2024 and MNP Ltd. was appointed the Licensed Insolvency Trustee (the "**Trustee**").

Assets

Cash Paid into Court

In accordance with its Statement of Affairs, the Bankrupt has a total sum of \$100,000 paid into Court in accordance with the terms of a sale of assets prior to the date of bankruptcy.

Sale of Assets

Prior to the date of bankruptcy the bankrupt negotiated a sale of all of its assets to a third party while under enforcement of security by its primary secured lender. The sale of assets was approved by the Court and resulted in a shortfall to the primary secured lender. The cash paid into Court was in accordance with the Court approval of the sale of assets to address any potential priority claims.

Books and Records

The books and records are in the possession of the bankrupt. The Trustee is required to file the 2024 pre bankruptcy statutory returns. The director of the Bankrupt will be providing the Trustee with the information that is necessary to enable the Trustee to complete the statutory returns and otherwise administer the Bankrupt's estate.

Property of the bankrupt not divisible amongst creditors by virtue of Section 67(b) of the Bankruptcy and Insolvency Act

The Bankrupt does not own exempt property which would not be divisible amongst the creditors pursuant to Section 67(b) of the *Bankruptcy and Insolvency Act* and the *Civil Enforcement Act*.

Property Placed Under the Guardianship of the Debtor

No property has been placed under the guardianship of the Bankrupt.

Conservatory and Protective Measures

The Trustee is of the opinion that no further protective measures are required at this time.

Insurance

There is no requirement for the Trustee to obtain insurance coverage for any assets.

Legal Proceedings or Opinions Sought

The Trustee is not anticipating any legal proceedings or having to obtain any legal opinions.

Secured and Priority Creditors

Sodisco-Howden Group Inc. ("**Sodisco**") holds security by way of a Land Charge registered at the personal Property Registry ("**PPR**") on November May 24, 2001. The Trustee does not have specific details on the status of this secured interest.

Castle Building Centres Group Ltd. ("**Castle**") holds security by way of a General Security Agreement ("**GSA**") against all present and after acquired personal property of the Bankrupt. The amount owed to Castle is estimated to be \$5,653,673.74. Castle's security was registered at the PPR on November 23, 2006.

The Canada Revenue Agency ("**CRA**") holds a Deemed Trust interest in the assets of the Bankrupt in relation to balances outstanding for the payroll source deduction account. The estimated total balance owed to CRA for payroll source deductions is \$80,877.52, however, the Deemed Trust portion of this debt is not yet determined.

Anticipated Realization and Projected Distribution

Based on the quantum of secured debt and priority secured interests declared on the Statement of Affairs and the combined value of the assets, the Trustee does not anticipate that there will be a distribution to the unsecured creditors in the Bankrupt's estate.

Transfers at Undervalue and Preference Payments

There are no transfers at undervalue or preference payments to note at this time.

Dated at the City of Edmonton in the Province of Alberta this 16th day of April, 2024.

MNP Ltd.

In its capacity as Trustee of the Bankruptcy of

Leo's Building Supplies Ltd.

And not in its personal capacity



Per: Eric Sirrs, CIRP, LIT
Senior Vice President