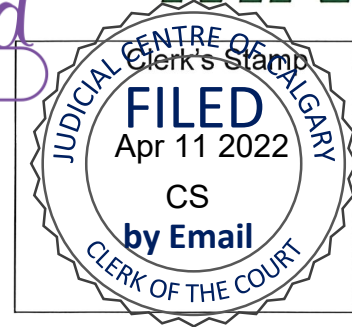


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COURT FILE NO. 2101-10276

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

COM  
Apr 21 2022

IN THE MATTER OF THE RECEIVERSHIP OF 2127712 ALBERTA LTD.

DOCUMENT **SECOND AND FINAL REPORT OF MNP LTD., RECEIVER MANAGER OF 2127712 ALBERTA LTD.**

FILED APRIL 11, 2022

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

RECEIVER'S LEGAL COUNSEL

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RECEIVER

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## APPENDICES

Appendix A            Receiver's Statement of Receipts and Disbursements for the  
period from August 20, 2021 to April 8, 2022

## SCHEDULES

SCHEDULE 1            Estimated Final Distribution

SCHEDULE 2            Professional Fee Summary

## INTRODUCTION AND BACKGROUND

1. On August 20, 2021, the Court of Queen's Bench of Alberta (the "**Court**") granted an Order (the "**Receivership Order**") appointing MNP Ltd. as Receiver and Manager (the "**Receiver**") over all of the assets, undertakings and property (collectively, the "**Property**"), further described below, of 2127712 Alberta Ltd. ("**212**" or the "**Company**"). The Receivership Order was granted following an application by Roynat Inc. ("**Roynat**"), who holds a number of security registrations against the Property including a first-registered mortgage (the "**Roynat Mortgage**"), general security agreement and general assignment of rents and leases (collectively, the "**Roynat Security**").
2. Capitalized terms not defined in this report (the "**Final Report**") are as defined in the Receivership Order, the First Report of the Receiver dated February 22, 2022 and the Confidential Supplement to the First Report of the Receiver dated February 22, 2022 (collectively, the "**First Report**"). .
3. Company's operations were located at 160 Griffin Ranch Road, Cochrane, Alberta (the "**Lands**"). The Company operated a self-storage business known as Riverside Storage from facilities located on the Lands. These facilities consist of 157 self-storage units configured throughout 6 building storage facilities, together with 34 recreational vehicle parking lots, 8 boat storage lots and a residential building that was used as office space (the "**Building**").
4. The Company had rented out office space in the Building, as well as storage space situated on the Lands, to a related company, North American Steel Erectors Inc. ("**NASE**"). A Bankruptcy Order was granted by the Court in respect of NASE on July 29, 2021 and MNP Ltd. acts as the Trustee of the bankrupt estate.
5. The Receiver took possession of the Property on August 20, 2021 and since that time has undertaken activities to safeguard, operate and market the Property for sale, as further described herein and in the First Report.
6. On March 2, 2022 the Court granted a Sale Approval and Vesting Order (the "**SAVO**") approving the sale transaction (the "**Transaction**") contemplated in an Offer to Purchase made by Bluebird Core Associates Ltd. (the "**Purchaser**"), as fully detailed in the First Report.

7. Copies of the relevant documents relating to these proceedings are available on the Receiver's website at <https://mnpdebt.ca/en/corporate/corporate-engagements/2127712-alberta-ltd>

## REPORT RESTRICTIONS AND LIMITATIONS

8. In preparing the Final Report, the Receiver has relied upon unaudited financial information, the Company's records, financial information, and discussions with the Company's management. While the Receiver reviewed various documents provided by the Company and believes that the information therein provides a fair summary of the transactions and material as reflected in the documents, such work does not constitute an audit or verification of such information for accuracy, completeness or compliance with Generally Accepted Accounting Principles ("GAAP"), International Financial Reporting Standards ("IFRS"), or Generally Acceptance Auditing Standards ("GAAS"). Accordingly, the Receiver expresses no opinion or other form of assurance pursuant to GAAP, IFRS, or GAAS with respect to such information.
9. The Final Report has been prepared for the purpose described below. Accordingly, the reader is cautioned that the Final Report may not be appropriate for any other purpose. The Receiver will not assume responsibility or liability for losses incurred by the reader as a result of the circulation, publication, reproduction or use of this Final Report contrary to the provisions of this paragraph.
10. All amounts included herein are in Canadian dollars unless otherwise stated.

## PURPOSE OF THE REPORT

11. The purpose of the Final Report is to provide this Honourable Court with the Receiver's comments and information in respect of the activities of the Receiver since the First Report and to provide information in respect of an application by the Receiver for an Order seeking the following relief:
- i. Approving the actions of the Receiver in administering the receivership proceedings;
  - ii. Approving the Receivers Statement of Receipts and Disbursements for the period of August 20, 2021 to April 8, 2022 (the "R&D Statement"), which is



attached hereto as **Appendix “A”**;

- iii. Approving the Receiver's fees and disbursements for August 20, 2021 to March 31, 2022, in the amount provided in the R&D Statement, plus an estimation to complete the receivership;
- iv. Approving the Receiver's legal counsel, Caron & Partners LLP (“**Caron LLP**”) fees and disbursements for August 20, 2021 to March 31, 2022 in the amount provided in the R&D Statement, plus an estimation to complete the receivership;
- v. Approving the payment to Canada Revenue Agency (the “**CRA**”) for the deemed trust portion of its claim for unpaid source deductions (the “**Deemed Trust Claim**”)
- vi. Approving the payment to CRA for unpaid goods & services taxes, net of penalties and interest (the “**GST Claim**”);
- vii. Approving the distribution of all remaining funds to Roynat on account of the Roynat Security; and
- viii. Approving the discharge of the Receiver subject to the Receiver filing a certificate confirming the completion of the Receiver's remaining obligations (the “**Discharge Certificate**”).

## **ACTIVITIES OF THE RECEIVER**

12. The activities of the Receiver as set out in the First Report, were approved by this Honourable Court by way of the Order for Approval of Receiver's Activities granted March 2, 2022.

13. Since the date of the First Report, the Receiver has undertaken a number of activities including, but not limited to:

- i. Maintained the Receiver's webpage;
- ii. Repaid the Receiver's Certificate;
- iii. Received and responded to various creditor and stakeholder inquiries;
- iv. Coordinated and completed GST returns;
- v. Maintained operations of the storage business;
- vi. Prepared and issued all statutory reporting as required pursuant to subsection 245(1), 246(1) and 246(2) of the BIA;
- vii. Facilitated the asset sale closing approved by this Honourable Court in the

- SAVO granted on March 2, 2022;
- viii. Worked with CRA towards the completion of CRA's trust examination and audit of both source deduction and GST liability;
  - ix. Prepared the Receiver's reports as required under Sections 246 of the Bankruptcy & Insolvency Act (the "BIA");
  - x. Prepared the Final Report; and
  - xi. Performing any other tasks attributable to the proceedings.

## **SALES PROCESS**

- 14. As detailed in the First Report, the Receiver commenced the Sales Process pursuant to paragraph 3 of the Receivership Order, on September 17, 2021, that was approved by this Honourable Court by way of the SAVO granted March 2, 2022.
- 15. The transaction successfully closed on the Closing Date and the Receiver filed its Receiver's Certificate evidencing the closing on March 16, 2022.

## **STATEMENT OF RECEIPTS AND DISBURSEMENTS**

- 16. The Receiver has prepared its R&D Statement which is attached as Appendix "A".
- 17. The Receiver anticipates additional operating expenses prior to the filing of the Discharge Certificate, as there are certain operating accounts where the final invoice has not yet been received. It is anticipated that these additional operating expenses will not exceed \$500. These are, in the Receiver's opinion, not material in nature and should not prevent the Receiver from proceeding with a final distribution.

## **PRIORITY CREDITOR CLAIMS**

- 18. CRA conducted its GST and payroll source deduction audits that resulted in the following claims:
  - a. Payroll source deduction claim of \$8,376.69; and
  - b. GST claim of \$20,239.75.
- 19. The Receiver has received a payroll examination statement of account (the "**CRA Statement**") from CRA and based on the CRA Statement, the Receiver has identified \$1,763.84 as interest and penalties, along with \$1,210.06 as employer portions of the

outstanding 2021 source deduction assessment. Based on the CRA Statement, it is the Receiver's view that \$5,402.79 owing to CRA would rank in priority to the claim of Roynat.

20. In the Receiver's view, the GST claim of \$19,788.33, reduced for \$451.42 of interest and penalties, would rank in priority to the claim of Roynat.

### **SECURED CREDITOR**

21. As outlined in the First Report, Caron LLP has reviewed the Roynat Security and rendered an opinion that, subject to customary assumptions and qualifications, the Roynat Security constitutes a valid and enforceable first charge in respect of the Property.

22. As of March 28, 2022, the Company is currently indebted to Roynat in the amount of \$2,568,223 with per diem interest of \$357.

23. As shown in Schedule 1 to the R&D Statement, after the payment of CRA Claims, the remaining operating accounts and the estimated Receiver and Caron LLP professional fees to complete, there will be approx. \$2,372,241 to be paid to Roynat, resulting in a shortfall to Roynat.

24. The Receiver, upon approval of this Honourable Court, will remit all remaining funds in the receivership to Roynat after the payment of the remaining operating accounts, payment of the remaining estimated professional fees, and the priority claims of CRA that are outlined above.

### **TAXATION OF ACCOUNTS**

25. A summary of professional fees paid by the Receiver is attached as Schedule 2 to the R&D Statement.

26. For the period of August 20, 2021 to March 31, 2022 the Receiver has incurred professional fees and disbursements of \$219,474.79, excluding GST. To finalize the receivership proceedings the Receiver estimates an additional \$8,600 in professional fees and disbursements, excluding GST, to complete the administrative tasks identified below.

27. For the period of August 20, 2021 to March 31, 2022 Caron LLP has incurred professional

fees and disbursements of \$64,269.16, excluding GST. Caron LLP has further advised of an estimated \$10,500 for professional fees and disbursements, excluding GST, to attend the discharge application and to complete the receivership. The Receiver has reviewed Caron LLP's fees and disbursements and is of the view that the fees are reasonable and appropriate in the circumstances.

28. The Receiver will make copies of its accounts and the accounts of Caron LLP (subject to redaction for privilege) available to the Court or any interested person upon request.

29. In accordance with paragraph 18 of the Receivership Order, the professional fees of the Receiver and its legal counsel are incurred at their standard hourly rates of the professionals working on the receivership. The hourly rates of these professionals are reasonable based on the experience of the individuals involved and are competitive with other professional service firms in the marketplace.

30. The Receiver is seeking approval of the R&D Statement for the period of August 20, 2021 to April 8, 2022 and the professional fees and disbursements of the Receiver and the Receiver's legal counsel in the amounts set forth above.

#### **DISCHARGE OF RECEIVER**

31. There are certain administrative matters in these receivership proceedings that remain outstanding, summarized as follows:

- a) Preparing the final GST returns and closing the Receiver's GST account.  
The estimated GST refund has been reflected in the Estimated Final Distribution through the CRA Refund GST – Post line item;
- b) Paying all final operating account invoices;
- c) Attending the Receiver's discharge application;
- d) Preparing and issuing the Receiver's final report pursuant to subsection 246(3) of the BIA;
- e) Payment of the balance of the approved professional fees and Estimated Final Distribution;
- f) Payment of the CRA source deduction deemed trust claim of \$5,402.79;
- g) Payment of the GST priority claim of \$19,788.33;
- h) Distributing any remaining receivership funds, up to the amount of its claim,



to Roynat;

- i) Any other matters incidental to the wind up of the administration of the Receivership; and
- j) Executing a certificate at the completion of the Receivership administration (the “**Discharge Certificate**”).

32. Upon completion of the above noted administrative matters, which are not material, and, in the Receiver’s view, should not prevent this Honourable Court from granting the Receiver its discharge, the Receiver’s administration of the receivership of 212 will be completed.

### **RECOMMENDATION AND CONCLUSION**

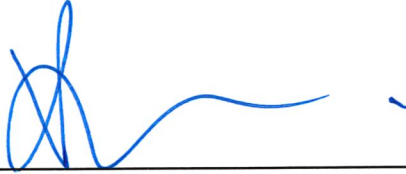
33. Based upon the foregoing the Receiver respectfully recommends that this Honourable Court grant an Order:

- a) Approving the actions of the Receiver to date in administering these receivership proceedings provided that only the Receiver, in its personal capacity and with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approvals;
- b) Approving the Receivers Statement of Receipts and Disbursements for the period of August 20, 2021 to April 8, 2022;
- c) Approving the Receiver’s accounts of \$219,474.79 plus GST, plus an estimated costs to complete of \$8,600 plus GST;
- d) Approving the Receiver’s legal counsel, Caron & Partners LLP accounts of \$64,269.16 plus GST, plus an estimated cost to completed of \$10,500 plus GST;
- e) Approving the payment of the Deemed trust CRA Claim;
- f) Approving payment of the net GST Claim;
- g) Approving the distribution of any remaining receivership funds, up to the amount of its claim, to Roynat; and;
- h) Discharging the Receiver, upon filing the Discharge Certificate.

All of which is respectfully submitted this 11<sup>th</sup> day of April, 2022

**MNP Ltd.**

In its capacity as Receiver and Manager of  
**2127712 Alberta Ltd o/a Riverside Storage**  
and not in its personal or corporate capacity

A handwritten signature in blue ink, consisting of a large, stylized initial 'V' followed by a series of loops and a long horizontal stroke.

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

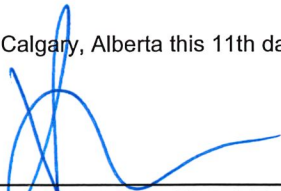
# APPENDIX A

**2127712 Alberta Ltd. - In Receivership**  
**Statement of Receipts and Disbursements**  
**For the Period August 20, 2021 to April 8, 2022**

<b>RECEIPTS</b>	
Sale of Land	\$ 2,619,196.90
Rental Income	152,971.04
Receivers Certificate	138,176.21
Net Proceeds from Auction of Equipment	55,890.00
Refunds- Miscellaneous	190.00
Petty Cash on Hand	71.18
<b>TOTAL RECEIPTS</b>	<u>2,966,495.33</u>
<b>DISBURSEMENTS</b>	
Receiver's Fees and Costs	219,474.79
Repayment of Receiver's Certificate	138,176.21
Legal Fees/Disbursements	64,269.16
Land Sale Commission	39,750.00
Outside Consulting re Self Storage Operations	32,640.00
Insurance	15,758.00
Property taxes	12,304.83
GST Net Paid	9,651.72
Interest on Receiver's Certificate	9,464.18
Utilities	6,695.31
Appraisal Fees	5,296.61
Repairs and Maintenance	2,766.23
Bank Charges	1,889.16
Garbage Removal	949.37
Advertising	706.24
Storage	600.00
Filing Fees - Official Receiver	72.97
<b>TOTAL DISBURSEMENTS</b>	<u>560,464.78</u>
<b>EXCESS OF RECEIPTS OVER DISBURSEMENTS REPRESENTED BY CASH IN BANK:</b>	<u><u>\$ 2,406,030.55</u></u>

**Notes**

Dated at Calgary, Alberta this 11th day of April, 2022.

  
\_\_\_\_\_  
Victor Kroeger, CPA, CA, CIRP, LIT, CFE  
Senior Vice President



# SCHEDULE 1

**In the matter of the Receivership of  
2127712 Alberta Ltd.  
Estimated Final Distribution as of April 8, 2022**

Net Funds in Estate Represented by Cash on Hand	2,406,031
Operating expenses	500
Receivers Fees	
Estimated costs to complete	8,600
GST	430
	9,030
Legal Fees	
Estimated Costs to Complete	10,500
GST	525
	11,025
CRA Liabilities	
Payroll	5,403
GST - Pre	19,788
	25,191
CRA Refund	
GST - Post	11,956
	11,956
<b>Net Estimated Excess Realizations</b>	<b>2,372,241</b>
Outstanding Indebtedness to Roynat Capital	2,568,223
Estimated Shortfall	(195,982)

# SCHEDULE 2

**In the Matter of the Receivership of  
2127712 Alberta Ltd.  
Schedule of Professional Fees to April 8, 2022**

**Receivers fees and disbursements  
MNP Ltd.**

<b>Invoice Number</b>	<b>Description</b>	<b>Trustee Fees</b>	<b>Disbursements</b>	<b>Total before GST</b>	<b>GST</b>	<b>Invoice total</b>
9994488	Services to August 31, 2021	\$ 23,893.50	\$ 1,871.05	\$ 25,764.55	\$ 1,288.23	\$ 27,052.78
10141784	Services to November 30, 2021	94,471.00	3,511.17	97,982.17	4,899.11	102,881.28
10187840	Services to February 11, 2022	40,599.50	612.84	41,212.34	2,060.62	43,272.96
10225212	Services to March 3, 2022	26,454.50	-	26,454.50	1,322.72	27,777.22
10289409	Services to March 31, 2022	26,159.75	1,901.48	28,061.23	1,403.06	29,464.29
		<b>\$ 211,578.25</b>	<b>\$ 7,896.54</b>	<b>\$ 219,474.79</b>	<b>\$ 10,973.74</b>	<b>\$ 230,448.53</b>

**Receivers legal counsel fees and disbursements  
Caron & Partners LLP**

<b>Invoice Number</b>	<b>Description</b>	<b>Legal Fees</b>	<b>Disbursements</b>	<b>Total before GST</b>	<b>GST</b>	<b>Invoice total</b>
128381	Fees to August 30, 2021	\$ 7,840.00	\$ 10.00	\$ 7,850.00	392.15	\$ 8,242.15
128709	Fees to September 27, 2021	6,200.00	148.20	6,348.20	311.41	6,659.61
129145	Fees to October 27, 2021	3,250.00	33.34	3,283.34	164.17	3,447.51
129642	Fees to November 8, 2021	6,770.00	197.60	6,967.60	346.68	7,314.28
130273	Fees to January 3, 2022	3,900.00	32.00	3,932.00	195.00	4,127.00
130548	Fees to January 28, 2022	1,802.00	-	1,802.00	90.10	1,892.10
130910	Fees to February 24, 2022	15,973.00	67.00	16,040.00	798.65	16,838.65
131331	Fees to March 31, 2022	17,937.00	109.02	18,046.02	901.65	18,947.67
		<b>\$ 63,672.00</b>	<b>\$ 597.16</b>	<b>\$ 64,269.16</b>	<b>\$ 3,199.81</b>	<b>\$ 67,468.97</b>

<b>Total professional fees and disbursements</b>	<b>\$ 275,250.25</b>	<b>\$ 8,493.70</b>	<b>\$ 283,743.95</b>	<b>\$ 14,173.55</b>	<b>\$ 297,917.50</b>
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