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COURT	COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE	EDMONTON
PLAINTIFF	ROYAL BANK OF CANADA
DEFENDANTS	1692260 ALBERTA LTD., BIRKILL HOLDINGS LTD., R. BIRKILL PROFESSIONAL CORPORATION, 1015314 ALBERTA LTD. and RICHARD BIRKILL
DOCUMENT	SECOND REPORT OF THE RECEIVER, MNP LTD., DATED SEPTEMBER 26, 2022
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	MLT Aikins LLP Suite 2200, 10235 – 101 Street Edmonton, AB T5J 3G1 Attention: Dana Nowak Ph: (780)969-3506 Email: dnowak@mltaikins.com Solicitors for the Receiver, MNP Ltd.

Introduction and Purpose of the Report

1. MNP Ltd. was appointed as Receiver of 1692260 Alberta Ltd. ("**169**") and Birkill Holdings Ltd. ("**Birkill Holdings**") (hereinafter referred to collectively as the "Company") pursuant to a Court of Queen's Bench of Alberta (the "**Court**") Order dated March 24, 2022 (the "**Receivership Order**").
2. 169 owned and operated a car wash, two apartment buildings, a motel, and rental cabins in Northern Alberta.
3. Birkill Holdings owned and operated a five-plex residential property.
4. The purpose of the Receiver's Second Report to Court (the "**Second Report**") is to provide the Court with an update with respect to the following:
 - a) Activities of the Receiver since filing the First Report;
 - b) Status of the Sales Process for the remaining properties owned by the Company;
 - c) Approval of the acceptance of Offers to Purchase submitted through the Sales Process;
 - d) Receiver's Interim Statement of Receipts and Disbursements; and
 - e) Professional Fees.
5. The Second Report should be read in conjunction with the Receiver's First Report to Court dated May 16, 2022 (the "**First Report**"). Capitalized terms not defined in the Second Report

are as defined in the First Report. All references to currency are in Canadian dollars unless otherwise stated.

6. In preparing the Second Report and making comments herein, the Receiver has been provided with, and has relied upon, certain unaudited, draft and/or internal financial information of the Company, the Company's books, and records, and information from other third-party sources (collectively, the "**Information**"). The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with generally accepted assurance standards or other standards established by the Chartered Professional Accountants of Canada.
7. Further information relating to the receivership proceedings can be located on the Receiver's website at <https://mnpdebt.ca/en/corporate/corporate-engagements/birkill-holdings-ltd>.

Activities of the Receiver since the First Report

8. Since the First Report, the Receiver has carried out the following non-exhaustive list of activities:
 - continued site visits carried out by agents to ensure repair and maintenance concerns are addressed;
 - issued written notice to all tenants regarding rent arrears and vacated the Victoria Place apartment building after providing a two-week notice (further detail below);
 - maintained operational aspects of the Company's properties including the collection of rent, payment of utility bills, insurance, and all other expenses in relation to securing and maintaining the properties;
 - Initiated and carried out the sales process for the five remaining properties details of which are set out below; and
 - Closed the sale of the Wandering River Cabins in accordance with the May 25, 2022 Court of Queen's Bench of Alberta Sale Approval and Vesting Order
9. On August 2, 2022, the Receiver mailed letters to the tenants of Victoria Place and the 5-Plex regarding the rent arrears since MNP Ltd.'s appointment, with a deadline to clear the arrears by August 15th. The three remaining tenants in Victoria Place confirmed that they would vacate the building by August 15th and the Receiver, with the help of its agent ensured that the three tenants vacated the premises by the given deadline. The Receiver also took additional steps to secure the building after it was vacated which included adding additional locks to the main entrances, increasing the frequency of site visits, and appointing the Lac La Biche County as agents of the property to further prevent break-ins and vandalism.

Status of the Sales Process

10. Based upon the financial information available to the Receiver and feedback from third parties expressing an interest in the Company's remaining properties, the Receiver elected to initiate a Sales Process for the Victoria Place, Grassland Apartment, Grassland Motel, 5-Plex and Car Wash properties (the "**Properties**") on June 27, 2022.
11. The Sales Process consisted of the circulation of an Information Summary to third parties who had already expressed an interest in the Properties, commercial realtors in Northern Alberta and the Receiver's network. A copy of the Information Summary is attached as **Schedule 1**.
12. Details relating to the Sales Process were also posted on a paid LinkedIn posting starting June 30, 2022 where by approximately 55,700 impressions and 130 click throughs were recorded.

13. Eleven parties signed Confidentiality Agreements to access additional information on the Sales Process and the Properties.
14. In accordance with the terms and conditions of the Sales Process, offers to purchase were to be submitted to the Receiver by August 3, 2022.
15. Three offers to purchase were submitted by the Sales Process deadline; one for the Car Wash, one for the 5-Plex and one for the Grassland Motel. Out of the three offers to purchase, only two were considered acceptable by the Receiver, being the offers for the 5-Plex and the Grassland Motel (the "**Accepted Offers**"). Copies of the Accepted Offers are attached as schedules to the Confidential Addendum to the Receiver's Second Report to Court (the "**Confidential Addendum**").
16. The Receiver contacted the party who submitted an offer on the Car Wash proposing a counteroffer with a purchase price closer to the Forced Sale Value ("**FSV**") provided for in the Harrison Bowker Appraisal. The potential purchaser did not accept the Receiver's counteroffer, nor did they submit a revised offer for further consideration.
17. The Receiver issued a request for listing proposals ("**RFP**") on August 29, 2022 to three commercial realtors with experience in commercial and multi-residential properties for the three remaining properties (Car Wash, Victoria Place and Grassland Apartment). The deadline to submit a listing proposal was September 9, 2022. The Receiver is in the process of reviewing listing proposals and selecting a listing realtor to further market the remaining properties.

Approval of the Sale of the Five-plex and Grassland Motel

18. The Receiver is of the opinion that the Accepted Offers provide for a reasonable realization value given the location and status of the properties. The offer on the Grassland Motel is in line with the Fair Market Value ("**FMV**") and the 5-Plex offer is comparable to the FSV provided for in the Harrison Bowker Appraisal. The primary secured creditor (AFSC) on both properties has advised the Receiver it does not object to the Receiver seeking Court approval for the Accepted Offers.

Receiver's Interim Statement of Receipts and Disbursements

19. Attached as **Schedule 2** is a copy of the Receiver's Interim Statement of Receipts and Disbursements dated September 9, 2022 (the "**Interim SRD**").
20. The Interim SRD provides for a reconciliation of revenues generated and expenses paid in relation to each individual property where it is possible to allocate.
21. The Receiver has borrowed the sum of \$125,000 through Receiver's Certificates for ongoing expenses relating to the administration of the receivership estate.

Professional Fees

22. Attached as **Schedule 3** is a copy of a summary of the Receiver's Fees and Disbursements to September 8, 2022. The Receiver has tracked its fees and disbursements on a per property basis where possible.
23. Attached as **Schedule 4** is a summary of the Receiver's Legal Fees and Disbursements.

Conclusion

24. The Receiver respectfully submits the Second Report to Court in support of an order approving:

- a) The activities of the Receiver as set out in the Second Report; and
- b) Acceptance of the Accepted Offers as detailed further in the Confidential Addendum.

All of which is respectfully submitted this September 26, 2022

MNP Ltd.

In its capacity as Receiver of
1692260 Alberta Ltd. and Birkill Holdings Ltd.
and not in its personal or corporate capacity

For:



~~Per:~~ Eric Sirrs, CIRP, LIT
Senior Vice President