

DMD II MORTGAGE INVESTMENT CORPORATION – IN RECEIVERSHIP

25-094765

SECOND INTERIM REPORT OF RECEIVER

Subsection 246(2) of the *Bankruptcy and Insolvency Act*

BACKGROUND

Effective April 4, 2017, MNP Ltd. was appointed as receiver and manager (the "Receiver") of the assets, undertakings and properties of DMD II Mortgage Investment Corporation ("DMD II" or the "Company") pursuant to an order (the "Receivership Order") granted by the Court of Queen's Bench of Alberta (the "Court")

DMD II was a mortgage investment corporation. DMD II would use investor funds to purchase residential mortgages in Alberta. Various investment properties had been foreclosed on by DMD II and at the date of receivership, DMD II was a titled owner or co-owner of two properties, as well as registered second mortgage holder on two other properties.

ASSETS

The Receiver took possession and control of the Company's assets on April 4, 2017. The Receiver had engaged the services of a consulting company to assist in the management of the assets. That agreement was terminated in October 2017.

The Receiver has settled the functioning second mortgages with the property owners and co mortgagees.

The Receiver has received claims from a related party against funds held in trust by Miles Davison LLP (the Miles Davison Funds"). The Miles Davison Funds are net sale proceeds held in trust for five properties sold prior to the Receivership Order. The Receiver has requested the Miles Davison Funds and to date has not received them, pending the resolution of those claims.

The Receiver had been working with the other titled owners of the remaining properties to resolve various claims and is currently working towards an agreement to list the properties for sale. The Receiver received legal advice confirming the validity of mortgages against all of the properties of the Debtor. Those mortgage amounts resulted in negative equity in all of the properties. The Receiver released those properties to the mortgage holder(s). The Receiver is continuing to work to resolve the Miles Davison Funds matter with the other claimants and once those matters are resolved, the Receiver will be applying to the Court for a potential distribution protocol and its subsequent discharge.

STATEMENT OF RECEIPTS AND DISBURSEMENTS

The Receiver's Interim Statement of Receipts and Disbursements for the period April 4 to May 11, 2018 is attached as Appendix A.

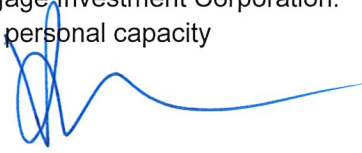
OTHER

Further information with respect to the receivership proceedings is available at the Receiver's website (www.mnpdebt.ca/dmdii).

Dated at Calgary, Alberta this 11th day of May, 2018

MNP Ltd.

In its capacity as Receiver and Manager of
DMD II Mortgage Investment Corporation.
and not in its personal capacity

A handwritten signature in blue ink, consisting of a series of loops and a long horizontal stroke extending to the right.

Victor Kroeger, CPA, CA, CIRP, CFE
Senior Vice President

**DMD II MORTGAGE INVESTMENT CORPORATION
IN RECEIVERSHIP
INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD APRIL 4, 2017 TO MAY 11, 2018**

RECEIPTS

Cash on hand	\$ 217,425.21
Sale of Assets	32,423.03
Rental Income	2,329.36
Mortgage Payouts	30,000.00
Interest earned	460.37

TOTAL RECEIPTS

282,637.97

DISBURSEMENTS

Filing Fees	70.00
Insurance	1,138.20
Change of locks	255.00
Storage Fees	422.69
Utilities	2,270.51
Repairs and Maintenance	3,545.00
Consulting fees	22,437.50
Receiver's Fees	56,924.02
Legal Fees	77,249.30
GST Paid	8,049.57

TOTAL DISBURSEMENTS

172,361.79

EXCESS RECEIPTS OVER DISBURSEMENTS

\$ 110,276.18