

**COURT FILE NUMBER QBG-SA-00399-2020**

**COURT OF KING'S BENCH FOR SASKATCHEWAN  
IN BANKRUPTCY AND INSOLVENCY**

**JUDICIAL CENTRE SASKATOON**

**APPLICANT CANADIAN MORTGAGE SERVICING CORPORATION**

**RESPONDENTS 101118672 SASKATCHEWAN LTD (Formerly Korf Properties Ltd.).**

**IN THE MATTER OF THE RECEIVERSHIP OF**

**101118672 SASKATCHEWAN LTD (Formerly Korf Properties Ltd.)**

**SIXTH REPORT OF THE RECEIVER, MNP LTD.**

**Appointment**

1. MNP Ltd. was appointed as Receiver of **101118672 SASKATCHEWAN LTD (Formerly Korf Properties Ltd.)** (the "**Debtor**") pursuant to an order of Justice B.J. Scherman of the Court of Queen's Bench for Saskatchewan in Bankruptcy and Insolvency, as it was called at the time, issued on March 17, 2020 (the "**Receivership Order**"). The assets of the Debtor included 12 parcels of real property as discussed in our previous reports.

**Limitation**

2. The information provided in this report is believed to be correct but 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.

**Activities of the Receiver since the Fifth Report**

3. Since the Fifth Report of the Receiver dated February 10, 2023 (the "**Receiver's Fifth Report**") the Receiver has:
  - a. Attended at the Court Hearing to approve the sales of 260/270 Kensington Avenue properties in Estevan and has closed these sales;
  - b. Consulted with stakeholders including the secured creditor;
  - c. Worked with Legal Counsel to close the sales of 260/270 Kensington Avenue in Estevan and address the property tax lien;
  - d. Maintained the Receiver's website;

- e. Prepared and filed Goods and Services Tax (“**GST**”) returns and other statutory returns on behalf of the Company and corresponded and exchanged information with the Canada Revenue Agency (“**CRA**”) and other regulatory agencies in relation to amounts owed by Debtor; and
- f. Prepared and filed statutory reports as required pursuant to subsection 246(2) of the Bankruptcy and Insolvency Act.

#### **Real Property**

4. The Debtor owned twelve parcels of Real Property as follows:
  - a. A larger Industrial Property, with a tenant, located just outside Regina (“**Industrial Drive**”) – This sale has closed;
  - b. An Industrial Property, with a tenant, located in Vermillion Alberta (“**Vermillion**”) – This sale has closed;
  - c. Five Industrial Properties located in Estevan Saskatchewan, all vacant, one of which was undeveloped (“**Estevan Industrial**”) – These sales have closed.
  - d. Three larger apartment buildings in Estevan (“**Large Estevan Apartments**”) – These sales have closed;
  - e. Two small apartment buildings in Estevan, one with six and one with eight units (“**Small Estevan Apartments**”) – These sales have closed.

#### **Orphan Mineral Title**

5. In July 2021, the Receiver obtained Court approval for the sale of surface parcel 107400912, municipally described as 1321 2<sup>nd</sup> Street, Estevan. At the time of the sale, the existence of a mineral title associated with this parcel was inadvertently overlooked on the auction sheet and the mineral title was not included as part of the sale. The Receiver is of the view that the mineral title has little to no value on its own. The Receiver’s legal counsel reached out to the purchaser of this parcel to determine if the purchaser would like to acquire the mineral title for \$1.00, subject to obtaining court approval of the transfer. The purchaser declined.
6. The Receiver’s legal counsel then contacted the City of Estevan to inquire if the city would take this mineral title, but the City of Estevan declined because of the potential for future tax liabilities.
7. The Receiver’s legal counsel also contacted the Ministry of Justice to inquire if there was a mechanism to quickly “gift” title to the province, however, no process to do so was identified.
8. It appears because of its size, location (inside the city limits of Estevan), and potential liabilities associated with ownership that the mineral title has no intrinsic value.
9. The Receiver is therefore recommending that it be discharged without disposing of the mineral title and leaving the mineral title in the name of the Debtor.

#### **Tax Appeal**

10. The Receiver understands that the Debtor had initiated an appeal of property taxes assessed on various of its properties relating to 2017 and 2018 taxes that was in progress prior to the Receiver’s appointment in March 2020. Altus Group Ltd. (“**Altus**”) was engaged by CIR Commercial Realty Inc. o/a Colliers International Regina who was the property manager for certain of the Debtor’s properties. The Receiver has monitored the appeal but never adopted the contract relating to the appeal. The prospect of positive recovery appears questionable and Canadian Mortgage Servicing Corporation (“**CMSC**”), the primary secured creditor, has declined the option of assuming the contract upon discharge of the Receiver. The Receiver recommends no action be taken in respect of the tax appeal arrangements prior to its discharge.

### **Priority Claims**

11. CRA filed a claim with the Receiver in the amount of \$9,102.08 claiming a deemed trust for pre-receivership GST owing.
12. CRA filed a claim with the Receiver in the amount of \$23,303.21 claiming a deemed trust for pre-receivership payroll deductions.

### **CMSC's Claim and Security**

13. As of June 27, 2023 CMSC was owed \$21,283,163.15.
14. Counsel for the Receiver, Kanuka Thuringer LLP ("**Kanuka**"), has previously reviewed the security of CMSC (the "**CMSC Security**") and provided an opinion that the security is valid under Saskatchewan law and, in respect of the Vermillion property, has obtained an opinion of Alberta agent counsel that the security is valid.

### **Statement of Receipts and Disbursements**

15. A Final Statement of Receipts and Disbursements to June 30, 2023 (the "**Final SRD**") is attached as Appendix 1. In accordance with the Final SRD, there is a balance of \$85,266 remaining in the receivership estate.

### **Fees and Disbursements of the Receiver and the Receiver's Counsel**

16. The Receiver has prepared a final bill for professional fees in the amount of \$11,621.70 plus GST to complete the administration of the estate and this amount is included in the total. A summary of the Receiver's professional fees is attached as Schedule A to the Final SRD.
17. Kanuka has prepared a final bill for legal fees and disbursements totalling \$43,200.80 plus GST to complete the administration of the estate and this amount is included in the total. The Receiver is of the opinion that the legal fees are fair and reasonable based upon the nature of the work completed. A summary of Kanuka legal fees is attached as Schedule A to the Final SRD.

### **Distribution of Proceeds**

18. Based upon the claims known to the Receiver to date, the Receiver proposes to pay the following payments from funds held by the Receiver:
  - a. To Canada Revenue Agency - \$9,102.08 on account of unremitted GST and \$23,303.21 on account of unremitted source deductions, owed by the Debtor, and which CRA has the benefit of a priority lien;
  - b. To the Receiver – payment of the Receiver's final fees and the estimated costs to completion of the Receivership;
  - c. To Kanuka – payment of Kanuka's Fees and the estimated costs to completion of the Receivership; and
  - d. To CMSC – the remainder to be distributed on account of the CMSC Security.
19. The Receiver does not anticipate collecting any further proceeds in the Receivership estate, however, in the event that funds are received such as CRA refunds, etc. the Receiver proposes to pay any additionally collected proceeds to CMSC.

### **Receiver's Discharge**

20. All matters pertaining to the administration of the Receivership have been substantially finalized, with the exception of the following administrative matters:

- a. making final distribution of remaining funds, preparing the final bank reconciliations and closing the Receiver's bank account;
- b. preparing the final GST return and closing the Receiver's GST account;
- c. receiving GST refunds owing to the Receiver;
- d. preparing and issuing the Receiver's final report pursuant to subsection 246(3) of the Bankruptcy and Insolvency Act; and
- e. any other matters incidental to the wind up of the administration of the Receivership.

21. Upon the resolution of the above noted administrative matters, which are not material and in the Receiver's view, should not prevent the Court from granting an unconditional discharge, the Receiver is seeking its discharge.

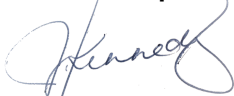
**Observations and Recommendations**

22. The Receiver seeks the approval of the court in respect to the following:

- a. To pay the deemed trust amount owing to CRA of \$9,102.08 for GST and \$23,303.21 for source deductions;
- b. Approval of the Receiver's actions to date, including its fees and disbursements and that of its legal counsel;
- c. Payment of all funds remaining in the Receiver's trust account after payment of the above amounts and professional fees to CMSC; and
- d. Discharge of the Receiver.

**MNP Ltd.**

**In its capacity as Receiver of  
101118672 Saskatchewan Ltd. (Formerly Korf Properties Ltd.)  
And not in its personal capacity**



**Per: Julie Kennedy, CIRP, LIT**

**July 10, 2023**

This **Sixth Report of The Receiver** was delivered by:

Kanuka Thuringer  
1400-2500 Victoria Ave  
Regina, SK S4P 3X2

Address for service: as above  
Lawyer in charge of file: Warren Sproule

Telephone (306) 525-7208  
Facsimile: (306) 359-0590  
Email [wsroule@kanuka.ca](mailto:wsroule@kanuka.ca)

Appendix 1

**Statement of Receipts and Disbursements**

**101118672 Saskatchewan Ltd. in Receivership  
Final Statement of Receipts and Disbursements  
March 17, 2020 to June 30, 2023**

Receipts

Advance from Secured Creditor	\$94,938
Sale of Real Property Assets	\$7,303,250
Received from Property Managers	317,898
Pre-receivership GST Refund	36,801
Miscellaneous Receipts	35,767
	<u>7,788,653</u>

Disbursements

Appraisal Fees	26,000
Receiver Fees	251,334
Real Estate Commission	239,370
Credit to Purchasers for Rent and Rental Deposits	57,644
Property Taxes	93,797
Legal Fees & Disbursements	251,063
Imperial Properties (Repairs and Maintenance etc.)	72,688
Repairs, Maintenance and Clean Up Costs	24,400
Miscellaneous Expenses	345
PST Paid on Disbursements	16,553
GST Paid on Disbursements	36,026
	<u>1,069,220</u>

Excess of Receipts over Disbursements	<u>\$6,719,433</u>
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Less: Payment to Secured Creditor	6,634,168
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Balance in Receiver's Account	<u>\$85,266</u>
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Note: This Statement includes only funds that have flowed through the Receiver's Trust Account and that of its legal counsel. It does not include amounts that have flowed through the Property Managers' accounts.

**101118672 Saskatchewan Ltd. (formerly Korf Properties Ltd.)**  
**Summary of Professional Fees**

Description	Invoice	Fees	Disbursements	Subtotal	GST	Total
	Date					
		\$	\$	\$	\$	\$
<b>MNP Ltd.'s Fees and Disbursements</b>						
For the period ending March 31, 2020	28-Apr-20	29,503.90	-	29,503.90	1,475.20	30,979.10
For the period ending April 30, 2020	11-May-20	5,502.70	-	5,502.70	275.14	5,777.84
For the period ending July 31, 2020	27-Aug-20	16,447.20	-	16,447.20	822.36	17,269.56
For the period ending September 30, 2020	15-Oct-20	18,153.30	-	18,153.30	907.67	19,060.97
For the period ending October 31, 2020	20-Nov-20	9,179.20	-	9,179.20	458.96	9,638.16
For the period ending November 27, 2020	30-Nov-20	11,355.60	-	11,355.60	581.53	11,937.13
For the period ending January 15, 2021	29-Jan-21	16,256.10	-	16,256.10	812.81	17,068.91
For the period ending February 28, 2021	23-Mar-21	12,033.10	-	12,033.10	601.66	12,634.76
For the period ending April 15, 2021	19-Apr-21	19,387.90	-	19,387.90	969.40	20,357.30
For the period ending May 15, 2021	21-May-21	5,792.80	-	5,792.80	289.64	6,082.44
For the period ending June 30, 2021	21-Jul-21	19,446.60	-	19,446.60	972.33	20,418.93
For the period ending July 31, 2021	24-Aug-21	6,571.00	-	6,571.00	328.55	6,899.55
For the period ending October 31, 2021	17-Nov-21	18,301.85	-	18,301.85	915.09	19,216.94
For the period ending December 31, 2021	18-Jan-22	6,072.70	-	6,072.70	303.64	6,376.34
For the period ending January 31, 2022	01-Mar-22	11,319.40	-	11,319.40	565.97	11,885.37
For the period ending February 28, 2022	24-Mar-22	3,699.80	-	3,699.80	184.99	3,884.79
For the period ending April 30, 2022	09-May-22	5,047.20	-	5,047.20	252.36	5,299.56
For the period ending June 30, 2022	20-Jul-22	3,839.20	-	3,839.20	191.96	4,031.16
For the period ending September 30, 2022	17-Oct-22	6,612.50	-	6,612.50	330.63	6,943.13
For the period ending November 30, 2022	12-Dec-22	2,805.40	-	2,805.40	140.27	2,945.67
For the period ending February 28, 2023	03-Mar-23	9,350.10	-	9,350.10	467.51	9,817.61
For the period ending April 30, 2023	17-May-23	3,034.90	-	3,034.90	151.75	3,186.65
For the period ending at closing	29-Jun-23	11,621.70	-	11,621.70	581.09	12,202.79
<b>Total - MNP Ltd.'s Fees and Disbursements</b>		<b>251,334.15</b>	<b>-</b>	<b>251,334.15</b>	<b>12,580.51</b>	<b>263,914.66</b>
<b>Kanuka Thuringer LLP (Legal Counsel)</b>						
invoice 135944	02-Feb-21	11,849.60		11,849.60	552.79	12,402.39
invoice 135588	04-Jan-21	32,551.32		32,551.32	1,536.20	34,087.52
invoice 136484	08-Mar-21	26,099.18		26,099.18	812.68	26,911.86
Reimbursement of legal fees	15-Apr-21	- 7,912.00	-	- 7,912.00	-	- 7,912.00
invoice 137981	17-Jun-21	55,007.27		55,007.27	2,487.56	57,494.83
invoice 138417	12-Jul-21	41,452.26		41,452.26	1,956.61	43,408.87
invoice 138808	05-Aug-21	20,970.07		20,970.07	984.66	21,954.73
invoice 140248	08-Nov-21	11,844.35		11,844.35	557.51	12,401.86
Miles Davison	01-Jan-22	16,000.00		16,000.00	-	16,000.00
Final invoice	07-Jul-23	42,508.00	692.80	43,200.80	2,142.79	45,343.59
<b>Total - Kanuka Thuringer LLP (Legal Counsel)</b>		<b>250,370.05</b>	<b>692.80</b>	<b>251,062.85</b>	<b>11,030.80</b>	<b>262,093.65</b>