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COURT FILE NUMBER	2001-01349
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
	IN THE MATTER OF AN APPLICATION UNDER SECTION 47(1) OF THE BANKRUPTCY AND INSOLVENCY ACT, RSC 1985, c B-3 AND IN THE MATTER OF AN APPLICATION UNDER SECTION 13(2) OF THE JUDICATURE ACT, RSA 2000, c J-2
APPLICANTS	ROYAL BANK OF CANADA
RESPONDENTS	PETRO WEST LIMITED PARTNERSHIP and PETRO WEST LTD.
DOCUMENT	SECOND REPORT OF THE RECEIVER MAY 3, 2021
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	RECEIVER ERNST & YOUNG INC. Calgary City Centre 2200, 215 2nd Street SW Calgary, AB T2P 1M4 Attention: Peter Chisholm / Dylan Holwell Telephone: (403) 206-5061 / (403) 206-5431 Fax: (403) 206-5075 Email: peter.chisholm@ca.ey.com / dylan.holwell@ca.ey.com COUNSEL MLT AIKINS LLP 2100 – 222 3RD Avenue SW Calgary, AB T2P 0B4 Attention: Ryan Zahara Telephone: (403) 693-5420 Email: rzahara@mltaikins.com

TABLE OF CONTENTS OF THE SECOND REPORT OF THE RECEIVER

INTRODUCTION

1. On December 10, 2019, IEC Ltd., Audeamus Capital Corp. and certain other affiliates and related entities (collectively, the "Applicants") that are members of the Strategic Group of Companies (the "Strategic Group") sought and obtained an order (the "Initial Order") granting an initial stay of proceedings (the "Stay") in favour of the Applicants pursuant to the Companies Creditors' Arrangement Act, R.S.C. 1985, C-36, as amended (the "CCAA").

2. The Initial Order appointed Hardie & Kelly Inc. as monitor in the CCAA proceedings and provided limited relief to the Applicants, including, but not limited to, the Stay in favour of the Applicants and their assets through to December 20, 2019. The Initial Order also provided a Stay in favour of the limited partnerships whose general partners are the Applicants (each, a "Stay LP").

3. On December 20, 2019, this Honourable Court granted an order (the "Interim Receivership Order") pursuant to section 47(1) of the Bankruptcy and Insolvency Act, RSC 1985, c B-3, section 13(2) of the Judicature Act, RSA 2000, c J-2, and section 49(2) of the Law and Property Act, RSA 2000, c L-7. The Interim Receivership Order appointed Alvarez and Marsal Canada Inc., LIT as interim receiver and manager (the "Interim Receiver"), without security, of the assets of the Applicants.

4. Petro West Limited Partnership ("Petro West LP") is a Stay LP pursuant to the Initial Order and subject to the Interim Receivership Order. Petro West Ltd. is the general partner of Petro West LP and was an Applicant to the Initial Order and is subject to the Interim Receivership Order. Petro West LP has a beneficial ownership interest in a single commercial property municipally located at 1210 – 8th Street SW, Calgary, Alberta (the "Petro West Property"). Petro West Ltd. and Petro West LP are collectively referred to herein as "Petro West" or the "Debtors".

5. Ernst and Young Inc. ("EYI") understands that Petro West and Royal Bank of Canada ("RBC") entered into a commitment letter dated October 5, 2015, pursuant to which RBC agreed to advance approximately $8.15 million to Petro West by way of a mortgage to be used to payout existing financing in respect of the Petro West Property (the "Petro West Mortgage"). The Petro West Mortgage is guaranteed by IEC Ltd. and Riaz Mamdani (founder and chief executive officer of the Strategic Group), as guarantors, to and in favour of RBC (the "Guarantee").

6. EYI understands that RBC is the only party with a mortgage and an assignment of rents and leases registered on title to the Petro West Property. As at December 17, 2019, Petro West was indebted to RBC in the amount of approximately $7.0 million plus interest accruing thereafter,

exclusive of enforcement expenses, legal fees and other out of pocket costs and disbursements (the “Petro West Indebtedness”).

7. On January 31, 2020 (the “Receivership Date”), RBC sought and obtained an Order of this Honourable Court (the “Receivership Order”), inter alia, appointing EYI as receiver (the “Receiver”) to exercise the powers and duties set out in the Receivership Order, including, among other things, to take possession and control of the Petro West Property, to receive, protect and maintain control of the Petro West Property and to market and solicit offers to sell the Petro West Property (the “Sale Process”).

8. The Receiver, with the assistance of the Transaction Real Estate group of Ernst & Young Orenda Corporate Finance Inc. (the “Sale Agent”), implemented and completed the Sale Process as directed by this Honourable Court, pursuant to the Receivership Order.

9. On January 11, 2021, the Receiver (as Vendor) and 2316223 Alberta Ltd., an entity within the Steiner Group (“Steiner Group”), entered into a purchase and sale agreement (the “Petro West PSA”) for the sale of the Petro West Property (the “Petro West Transaction”).

10. The Petro West PSA and the Petro West Transaction were approved by this Honourable Court pursuant to an order dated January 19, 2021 (the “Sale Approval and Vesting Order”). The Petro West Transaction closed on March 31, 2021.

11. The purpose of this second report of the Receiver (the “Second Report”) is to provide this Honourable Court with the Receiver’s comments with respect to:

a) The activities of the Receiver since the First Report of the Receiver, dated January 15, 2021 (the “First Report”), including a statement of receipts and disbursements of the Receiver from the Receivership Date to the date of this Second Report;

b) The remaining efforts to be undertaken by the Receiver to complete the administration of the Petro West receivership;

c) The request for the discharge of the Receiver of Petro West, following the Receiver’s completion of the administration of the estate;

d) The approval of the Receiver’s and the Receiver’s legal counsel’s fees and costs associated with administering the receivership proceedings of Petro West; and

e) The Receiver’s recommendations.

BACKGROUND

12. Petro West Ltd. is a corporation incorporated pursuant to the laws of the Province of Alberta with its registered office in Calgary, Alberta. The Debtors are beneficial owners and operators of a commercial real estate property located in Calgary, Alberta.

13. Additional information is available on the Receiver's website at www.ey.com/ca/petrowestplaza.

TERMS OF REFERENCE AND DISCLAIMER

14. In preparing this Second Report, the Receiver has relied upon certain unaudited, draft, and/or internal financial information prepared by the Debtor's representatives, Petro West's books and records, and publicly available information filed in the CCAA and interim receivership proceedings of the Debtors.

15. Capitalized terms not otherwise defined in this Second Report are as defined in the Receivership Order, the Sale Approval and Vesting Order, the report of the proposed receiver dated January 23, 2020 (the "Report of the Proposed Receiver"), and the First Report.

16. All references to dollars are in Canadian currency unless otherwise noted.

DISCHARGE OF THE RECEIVER OF PETRO WEST

Activities of the Receiver and Statement of Receipts and Disbursements

17. Since its appointment, the Receiver's primary activities with respect to the Petro West Property have been to ensure the Petro West Property is insured and secured, to retain a property manager to manage the Petro West Property on the Receiver's behalf, collect rents from tenants and pay operating costs of the Petro West Property, and to complete the Sale Process for the Petro West Property in accordance with the Receivership Order.

18. The Receiver has prepared a statement of receipts and disbursements for Petro West (the "Petro West R&D"), from the Receivership Date through to the date of this Second Report (the "Reporting Period"):

Petro West Statement of Receipts & Disbursements $CAD, unaudited	Notes	Exhibit 1.0
Opening cash balance	a	58,326
Receipts		
Petro West Transaction - net sale proceeds	b	2,746,815
Rental income	c	755,233
Advances of net rents from Interim Receiver	d	42,396
Total receipts		3,544,444
Disbursements		
Interim distribution of net sale proceeds to RBC	e	(2,375,000)
Operating costs, utilities, property management and other expenses	f	(577,982)
Professional fees of the Receiver and the Receiver's legal counsel	g	(286,557)
Property taxes	h	(133,624)
Selling fee	i	(94,410)
Insurance	j	(18,429)
Capital expenditures	k	(9,270)
Other disbursements	l	(6,873)
Total disbursements		(3,502,144)
Receiver's Borrowings		-
Cash on hand at May 3, 2021		100,625

19. Notes to the Petro West R&D are as follows:

a) Opening cash consists of net rents held by the Interim Receiver up to February 29, 2020, which was transferred by the Interim Receiver to the Receiver's trust account established for Petro West;

b) The purchase price under the Petro PSA was $2.85 million, with net sale proceeds after purchase price adjustments being approximately $2.75 million;

c) The Receiver, through Colliers as the property manager of the Petro West Property, collected rental income of approximately $755,200 during the Reporting Period;

d) The Interim Receiver advanced approximately $42,400 to Colliers to settle accrued operating expenses incurred by the Interim Receiver;

e) The Sale Approval and Vesting Order also approved the distribution of net sale proceeds to RBC, the first-ranking secured creditor to the Petro West Property. Following closing of the Petro West Transaction, the Receiver issued an interim distribution of net sale proceeds of $2.375 million to RBC;

f) Operating costs, utilities, property management fees and other expenses incurred at the Petro West Property totalled $578,000 during the Reporting Period;

g) Professional fees of the Receiver and the Receiver's legal counsel of $286,600 were paid to the Receiver and its legal counsel during the Reporting Period;

h) Property taxes of $133,600 were paid during the Reporting Period, related to 2020 property taxes owing on the Petro West Property;

i) The Sale Agent was paid a fee of approximately $94,400. As disclosed in the Report of the Proposed Receiver, the fee of the Sale Agent was based on time spent by the relevant professionals in performing services at hourly rates equivalent to those charged by the Receiver, up to a maximum of 3% of the gross purchase price achieved in the Sale Process. As the fee based upon time and hourly rates exceeded 3% of the gross purchase price, the success fee paid to the Selling Agent was capped at the maximum of 3% of the gross purchase price;

j) During the Reporting Period, the Receiver paid the June 1, 2020 to May 31, 2021 insurance premium for the Petro West Property in the amount of $18,400;

k) Capital expenditures of $9,300 were incurred during the Reporting Period and relate to the replacement of the south air handling unit at the Petro West Property; and

l) Other disbursements of $6,900 incurred during the Reporting Period include data room charges related to the Sale Process, fees paid to a bailiff related to a tenant lease, and bank charges.

20. The Receiver, with the assistance of the Sale Agent, completed the Sale Process as directed by this Honourable Court. The Sale Approval and Vesting Order approved the Petro West Transaction, and the Petro West Transaction closed on March 31, 2021.

Discharge of the Receiver of Petro West

21. The Receiver will use cash on hand from net sale proceeds from the Petro West Transaction to settle outstanding administrative and operating costs incurred by the Receiver in connection with Petro West and any remaining funds held by the Receiver will be distributed to RBC, the first-ranking secured creditor of Petro West.

22. The Petro West Transaction did not provide sufficient proceeds to provide a recovery to the known unsecured creditors of Petro West. Using cash on hand as at the date of this Second

Report, the Receiver will settle the deemed trust portion of the GST liability of Petro West that arose prior to the Receivership Date, in the amount of $5,296.

23. RBC, the first-ranking secured creditor of Petro West, is supportive of the Receiver's discharge as Receiver of Petro West.

Completion of the Petro West Receivership Proceedings

24. The following tasks must be resolved in order to complete the administration of the Petro West receivership proceedings:

a) Settling the pre-receivership GST liability and deemed trust claim of the CRA of $5,296;

b) Settling final operating and termination costs incurred at the Petro West Property, up to the closing date of the Petro West Transaction;

c) Settling the unpaid professional fees of the Receiver and the Receiver's legal counsel; and

d) Completing certain final administrative tasks, including filing GST returns and winding down the Petro West receivership.

25. The Receiver respectfully requests that this Honourable Court approve an order discharging the Receiver from any and all obligations as Receiver pursuant to the Receivership Order, on the filing of a Receiver's Certificate indicating the completion of all remaining tasks in respect of Petro West.

APPROVAL OF PROFESSIONAL FEES

26. Professional fees and costs incurred by the Receiver and its legal counsel in connection with administering the receivership of Petro West are detailed below in Exhibit 2.0 and summarized as follows:

a) The Receiver's billed fees and costs total $188,831 (plus applicable taxes) for the period of the Receivership Date to March 30, 2021; and

b) The Receiver's legal counsel's billed fees and costs total $82,785 (plus applicable taxes) for the period of the Receivership Date to April 9, 2021.

27. Copies of the Receiver's billed invoices and the Receiver's legal counsel's billed invoices contain privileged information and are not attached but are available to this Honourable Court, if requested.

28. The Receiver will file an affidavit with this Honourable Court before the application for the Receiver's discharge is heard, which will summarize the Receiver's billed professional fees in accordance with the Court's protocol.

29. The Receiver and the Receiver's legal counsel estimate that the professional fees necessary to complete the administration of the Petro West receivership, including unbilled work-in-progress, will not exceed $20,000 and $10,000, respectively. These estimated fees are included in Exhibit 2.0, below.

30. The Receiver respectfully requests this Honourable Court approve the Receiver and the Receiver's legal counsel's fees and disbursements, including the estimated fees to complete the administration of the Petro West receivership.

Petro West — Exhibit 2.0
Schedule of Professional Fees
$CAD

Receiver Fees	Invoice Date	Subtotal	GST	Total	Paid (Y/N)
Invoice #CA12C500004795	09-Mar-20	17,035	2,215	19,250	Y
Invoice #CA18C600003336	08-Apr-20	6,919	346	7,265	Y
Invoice #CA12C500005805	09-Oct-20	103,862	5,193	109,056	Y
Invoice #CA12C500006498	30-Mar-21	61,014	3,051	64,065	Y
WIP + estimate to complete receivership		20,000	1,000	21,000	
Total Receiver Fees		208,831	11,804	220,635	

Receiver's Legal Counsel's Fees	Invoice Date	Subtotal	GST	Total	
Invoice #6105659	09-Mar-20	4,270	214	4,484	Y
Invoice #6153001	22-Sep-20	30,026	1,501	31,527	Y
Invoice #6157148	08-Oct-20	1,565	78	1,643	Y
Invoice #6163452	09-Nov-20	2,275	114	2,389	Y
Invoice #6168805	07-Dec-20	4,672	234	4,905	Y
Invoice #6180520	31-Dec-20	5,833	292	6,125	Y
Invoice #6186206	11-Feb-21	18,133	904	19,037	Y
Invoice #6198638	09-Apr-21	16,012	801	16,812	Y
WIP + estimate to complete receivership		10,000	500	10,500	
Total Receiver's Legal Counsel's Fees		92,785	4,637	97,422	

RECOMMENDATIONS

31. The Receiver respectfully recommends that this Honourable Court approve:

a) The activities of the Receiver during, and the Petro West R&D for, the Reporting Period;

b) The request for the discharge of the Receiver of Petro West, following the Receiver's completion of the administration of the estate; and

c) The fees and costs of the Receiver and the Receiver's legal counsel.

Dated at Calgary, Alberta this 3rd day of May, 2021.

ERNST & YOUNG INC.
in its capacity as the Receiver
of Petro West

Peter Chisholm, CPA, CA, CIRP, LIT
Senior Vice President

Dylan Holwell, CPA
Manager