Clerk's Stamp

COURT FILE NUMBER	2303-01855
COURT	COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE	EDMONTON
PLAINTIFF	BANK OF MONTREAL
DEFENDANTS	1194038 ALBERTA LTD. AND ALAN DOBISH ALSO KNOWN AS ALLAN DOBISH
DOCUMENT	**RECEIVER'S THIRD REPORT** **October 30, 2023**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	<u>**RECEIVER**</u> ERNST & YOUNG INC. 10423 – 101 Street, Suite 1400 PO Box 44 Edmonton, Alberta T5H 0E7 Attention: Matt McCulloch / Evan MacKinnon Telephone: 780-638-6642 / 780-441-2447 Fax: 780-428-8977 Email: matt.mcculloch@parthenon.ey.com evan.mackinnon@parthenon.ey.com <u>**COUNSEL**</u> WITTEN LLP Suite 2500, Canadian Western Bank Place 10303 – Jasper Avenue Edmonton, Alberta T5J 3N6 Attention: Bren R. Cargill Telephone: 780-701-3776 Fax: 780-429-2559 Email: bcargill@wittenlaw.com

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SCHEDULES

INTRODUCTION, BACKGROUND AND PURPOSE OF THE REPORT

1. On March 20, 2023, further to an application made by the Bank of Montreal ("**BMO**"), the Court endorsed an Order (the "**Receivership Order**") dated March 14, 2023, and filed March 15, 2023, appointing Ernst & Young Inc. ("**EY**" or the "**Receiver**") as receiver and manager over all the assets of 1194038 Alberta Ltd. ("**119**" or the "**Company"**). For the remainder of this report, and future reports, any reference to "**Management**" will be used to refer to Mr. Alan Dobish, the director of 119.

2. Prior to these receivership proceedings, 119 owned and leased out a single-story industrial and retail property located at 10103-175 Street NW, Edmonton, Alberta (hereinafter referred to as the "**Building**"). The Building is 100% occupied by a single commercial tenant, PartSource Inc. ("**PartSource**"), a subsidiary of Canadian Tire Corporation, Limited ("**Canadian Tire**"). PartSource is operating a distribution centre for its business as well as a store front retail business within the Building.

3. Prior to the date of the Receivership Order, Management made several attempts to refinance the Building and pay any outstanding debts owing to the Bank of Montreal, Canada Revenue Agency, and the second and third mortgage holders.

4. Shortly after the effective date of the receivership, counsel for 119 advised the Receiver of a new possible source of financing that Management was pursuing to resolve 119's issues with its various creditors. Given the information and representations provided to the Receiver by 119 or its counsel in this regard, the Receiver delayed taking any steps to sell the building until April 20, 2023.

5. On April 20, 2023, given that to the best of the Receiver's knowledge 119's financing efforts had again not materially progressed from the initial date of Receivership, the Receiver proceeded with a request for proposal ("**RFP**") process for the Building.

6. The RFP resulted in multiple offers to purchase and listing proposals. At least one of the offers to purchase received during the RFP would have been able to pay out all identified creditors in full.

7. Given the short timeline of the RFP, the Receiver felt it would be beneficial to run a longer sales process while locking in the most attractive and highest offer to purchase identified through the RFP as the minimum bid required in any proposed process. As such, the Receiver proposed a stalking horse sale process ("**SH Process**"). The SH Process is detailed further in the Receiver's Second Report.

8. After running the SH Process and identifying a new successful offeror (the "**Successful**

Offeror"), on September 1, 2023, the Court approved the sale of the Building. As such, the stalking horse sale approval and vesting order ("**SH SAVO**") was discarded, and a new sale approval and vesting order was executed with the Successful Offeror ("**Final SAVO**"). As a result of the above, the SH Bidder (as defined in the Receiver's Second Report) became entitled to be paid the break fee (the "**Break Fee**") detailed in the stalking horse purchase and sale agreement ("**SH PSA**") and discussed in the Receiver's Second Report.

9. The purpose of this report (the **"Receiver's Third Report"**) is to provide the Court with information, and where required, the Receiver's comments in relation to the following:

   a) the activities of the Receiver since the date of the Receiver's Second Report, including the closing of the sale of the Building;

   b) the receipts and disbursements incurred by the Receiver since the onset of the receivership proceeding up to and including October 27, 2023 (the "**October 27 Statement of Receipts and Disbursements**")

   c) the fees and expenses of the Receiver and its counsel from August 14, 2023, to October 20, 2023;

   d) a proposed interim distribution (the "**Interim Distribution**") to the secured creditors;

   and to obtain an Order (or Orders) of the Court that:

   e) approves the Receiver's actions as set out in this report;

   f) approves the October 27 Statement of Receipts and Disbursements;

   g) approves the fees and expenses of the Receiver and those of its legal counsel, including unbilled WIP up to October 20, 2023;

   h) approves the Interim Distribution as set out herein; and,

   i) provides such further relief that the Court considers just and warranted in the circumstances.

DISCLAIMER

10. In preparing the Receiver's Third Report, the Receiver relied upon certain financial information prepared by 119 and derived from discussions with Management. The Receiver has not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of the information provided. Accordingly, the Receiver expresses no opinion or other form of assurance on the information contained in this report or relied upon in its

preparation.

11. This report should be read in conjunction with any other materials filed before the date of the upcoming application, which is currently scheduled for November 10, 2023. All reports and Orders, save for items directed to be sealed for confidentiality purposes, are available on the Receiver's website established for these proceedings that is located at *https://documentcentre.ey.com/#/detail-engmt?eid=518*

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

ACTIVITIES OF THE RECEIVER SINCE THE RECEIVER'S SECOND REPORT

13. As noted earlier in this report, pursuant to the September 1 Order, the SH SAVO was discarded when a new purchaser was identified through the SH Process. As such, the Final SAVO was entered into with the Successful Offeror.

14. Upon granting of the Final SAVO, the Successful Offeror and Receiver worked to close on the sale of the Building on or before September 30, 2023. On September 26, 2023, the sale of the Building closed. A statement of adjustments was drafted, covering the lease receipts and remaining property taxes payable and the Successful Offeror deposited the funds required to close on the transaction into trust with the Receiver's counsel on this date.

15. Once counsel confirmed receipt of the funds, the Receiver signed off on the Receiver's Certificate noting that the transaction had been completed to the satisfaction of the Receiver. Further, the Receiver executed the assignment of leases and notified Canadian Tire and their counsel that the sale had closed and that rents should be directed to the Successful Offeror on a go forward basis.

16. Receiver's counsel paid commissions of $92,500 + GST owing to the Successful Offeror's commercial realtor and transferred the remaining funds to the Receiver's trust account on September 28, 2023. The Receiver paid the break fee of $125,000 owing to the SH Bidder from the proceeds received.

17. No GST was collected from the proceeds of the Building sale as the Successful Offeror is a GST registrant and dealt with the GST separately outside of the purchase. Counsel for the Successful Offeror provided the Receiver's counsel a signed warranty in this regard.

18. Given the quantum of the sales proceeds, surplus funds appeared to be available after paying out identified creditors. As such, the Receiver took steps to confirm all amounts 119 had outstanding had been identified. The Receiver and its counsel reached out to 119 and

their counsel to get confirmation that no amounts were owing to other parties outside of those previously identified. This was confirmed by 119's counsel via email on September 13, 2023.

19. The Receiver placed notices in the Edmonton Journal on September 9 and 14, 2023 requesting any potential claims against 119 be brought forward to the Receiver by no later than October 2, 2023. Attached herein as **Schedule "A"** are the tear sheets for these notices. No new claims were received as a result of these public notices.

20. Notice was sent directly to the Alberta Treasury Board & Finance ("**Alberta Finance**") and the Canada Revenue Agency ("**CRA**") to provide any amended amounts and/or claims before October 2, 2023.

21. Upon receipt of the aforementioned notice, CRA reached out to the Receiver and notified them that two pre-Receivership tax periods were unfiled and not included in the original assessment and deemed trust claim submitted to the Receiver. As such, the CRA would be issuing an amended claim. As of the date of this report, the Receiver has not received this claim and, as a result, will not be seeking to include CRA in the Interim Distribution sought. The Receiver will be seeking to payout the outstanding taxes owed by 119 at a later date once all outstanding amounts are finalized.

STATEMENT OF RECEIPTS AND DISBURSEMENTS

22. The following chart summarizes the receipts and disbursements of the Receiver in connection to these receivership proceedings up to and including October 27, 2023:

1194038 Alberta Ltd.		
Ernst & Young Inc., Receiver		
Statement of Receipts and Disbursements		
For the Period March 15 to October 27, 2023		
Receipts:	Notes	
Sales proceeds	a	4,512,543
Rental income	b	230,220
Cash in bank		861
Total Receipts		**4,743,623**
Disbursements:		
Professional fees	c	129,069
Break fee	d	125,000
Repairs & maintenance	e	95,486
Property taxes	a	24,332
GST	f	4,015
Appraisal		3,675
Insurance		2,741
License fee		73
Bank fees		37
Total Disbursements		**384,428**
Cash on Hand - October 27, 2023		**4,359,195**

23. The Receiver provides the following explanatory notes to the October 27 Statement of Receipts and Disbursements above:

a) Net sales proceeds account for the statement of adjustments between property taxes and rental income, and commercial realtor commissions discussed earlier in this report;

b) PartSource rental income from Canadian Tire up to September 30, 2023;

c) Receiver's fees and disbursements ($73,617.05) and Receiver's counsel's fees and disbursements ($55,451.85) to date, which have been invoiced and paid out of funds on hand;

d) As stipulated in the SH purchase and sales agreement, the Break Fee equal to $125,000 was payable to the SH Bidder should another offer to purchase be accepted;

e) Payments made in relation to the HVAC Repairs stated in the Receiver's First Report. No further payments relating to the HVAC are anticipated and any repairs and maintenance are the responsibility of the Successful Offeror going forward; and

f) GST payable to Canada Revenue Agency in relation to post-Receivership remittances made by the Receiver. Post-Receivership GST filings are up to date.

PROFESSIONAL FEES TO OCTOBER 20, 2023

<u>Summary of the Receiver's Accounts</u>

24. Set out in the chart below is a summary of the Receiver's time (and related charges) for each individual who has worked on this matter from June 17, 2023, up to and including September 22, 2023. Amounts referenced in the chart below include the WIP noted in the Receiver's Second Report. Since the Receiver's Second Report, the Receiver has rendered one invoice to the estate for its fees and expenses in the amount of $23,812.85 (inclusive of GST). Attached hereto as **Schedule "B"** is a copy of this invoice.

Receiver's Fee Schedule

Employee	Hours	Rate (Standard)	Amount
Evan MacKinnon	22.90	375.00	8,587.50
Mark Shtay	1.40	250.00	350.00
Matt McCulloch	13.60	695.00	9,452.00
Robert Ferguson	0.40	250.00	100.00
Trina Sorbara	1.60	250.00	400.00
Total	**39.90**		**18,889.50**

Using the standard rates of the Receiver, total invoiced fees since the Receiver's Second Report are $18,889.50 (exclusive of GST). Expenses invoiced on this invoice totaled $3,789.40 (exclusive of GST). These expenses are in relation to the advertisements in the Edmonton Journal and Globe and Mail advertising the SH Process.

25. Accounting for the fees of $18,889.50, expenses of $3,789.40, and total GST of $1,133.95, the invoiced total is equal to the $23,812.85 amount referenced in paragraph 23 of this report.

26. The Receiver's total WIP outstanding from September 23 to October 20, 2023, is $11,891.67 (inclusive of GST). For clarity, this amount is in addition to the amounts previously invoiced to the estate by the Receiver as indicated above. The breakdown of the Receiver's outstanding WIP is as follows:

    i.) $8,268.23 in unbilled time charges of the Receiver; and

    ii.) $3,623.44 in expenses relating to advertising requests for outstanding claims in The Edmonton Journal as referenced earlier in this report.

27. Since the appointment of the Receiver by this Court, Mr. Matthew McCulloch, CA, CPA, LIT, who is a Partner with EY, has had primary responsibility for the work carried out by the Receiver. However, wherever appropriate, work was delegated to other members of the EY team to mitigate the professional fee charges of the Receiver.

28. In the Receiver's respectful opinion, the time and disbursements incurred in the course of its duties are fair and reasonable in these circumstances. Further, the Receiver's costs in relation to this Receivership to October 20, 2023, are comparable to receivership assignments of similar scale and complexity.

29. The hourly rates charged by the Receiver are consistent with the average hourly rates billed by the Receiver on its other engagements and, to the Receiver's knowledge, are reasonably consistent with other firms of comparable size and qualifications engaged on similar receivership matters.

30. The Receiver respectfully requests that the Court approve its fees and expenses incurred to October 20, 2023.

Receiver's Legal Counsel's Fees

31. Similar to the Receiver, legal counsel has issued one invoice since the Receiver's Second Report. The total legal fees and expenses of Witten LLP from August 15 up to and including October 3, 2023, are $10,930.46 (inclusive of GST).

32. A summary and copy of this legal invoice rendered by Witten LLP is attached as **Schedule "C"** to this Report.

33. The Receiver's counsel's total WIP outstanding from October 4 to October 20, 2023, is $2,625.23 (inclusive of GST). This amount is solely in relation to unbilled time charges.

34. Given the specific circumstances encountered in these receivership proceedings to date and the extensive involvement of counsel for 119, BMO, the SH Bidder and the Successful Offeror, the Receiver advises that its counsel played a crucial role in these receivership proceedings. Further, the Receiver has reviewed the invoices rendered to it by Witten LLP and believes they are both reasonable and proper. The legal services provided were necessary for the Receiver to fulfil its obligations in these proceedings.

35. Based on the above, the Receiver respectfully requests that the Court approve the fees and expenses of its legal counsel to October 20, 2023.

RECEIVER'S PROPOSED INTERIM DISTRIBUTION

36. Upon closing of the SH Process and reviewing outstanding claims, the Receiver determined that there was a surplus of funds available to pay out all identified stakeholders of 119.

37. The identified stakeholders of 119 are as follows:

    i. Bank of Montreal ("**BMO**") (first mortgage);
    ii. Joginder Sunner and Guggendeep Jawanda ("**Subordinate Mortgage Holders**") (second and third mortgage);
    iii. CRA (GST outstanding);
    iv. Alberta Finance (provincial taxes outstanding); and
    v. Mr. Dobish (lone shareholder and director of 119)

38. Given the quantum of the sales proceeds and 119's purported purchase price in October 2005 (as referenced in the Unfiled Dobish Affidavit), the Receiver believes that a capital gain on the sale of the Building may have resulted in these circumstances, and as a result,

a related capital gain taxe may need to be remitted to the CRA.

39. Notwithstanding the above, the Receiver wishes to distribute funds to BMO and the Subordinate Mortgage Holders to avoid any further interest and fees from accruing. CRA, Alberta Finance and Mr. Dobish will be paid upon determining capital gains amounts (if any).

40. Receiver's counsel reviewed the security documents provided by BMO and the Subordinate Mortgage Holders and has provided the Receiver with letters of opinion indicating that based on its review, the security of BMO and the Subordinate Mortgage Holders is valid and enforceable.

41. After reviewing the security documents provided, the Receiver's counsel reached out to counsel for BMO and the Subordinate Mortgage Holders and requested payout information. The payout information for each is detailed below, along with the proposed Interim Distribution.

BMO

42. Attached herein as **Schedule "D"** to this report is the payout statement of the BMO mortgage advanced to 119 on September 27, 2016.

43. Based off the information noted in the BMO payout statement, the Receiver has determined that the amount outstanding to BMO as of November 13, 2023, is as follows:

Bank of Montreal Payout As of November 13, 2023	
Principal & Accrued Interest as at Oct 4	2,838,041.21
Unpaid Legal Fees	10,329.14
Per Diem (Oct 5 to Nov 13) - 39 days	10,640.76
Total	**2,859,011.11**

44. Given that the November 10 court date is set for 2pm, the Receiver anticipates distribution payments to BMO and the Subordinate Mortgage Holders will be made on the following business day, November 13, and has calculated the per diem accordingly.

45. Included in the BMO payout statement is an estimated $5,000 to "account for future fees and costs that may be incurred by BMO in order to complete the matter". It is the Receiver's intention to hold back sufficient funds to pay out any future fees and costs owing to BMO upon receipt of a final statement from BMO in this regard instead of paying this $5,000 amount as an interim distribution.

Subordinate Mortgage Holders

46. Attached herein as **Schedule "E"** to this report is the payout statement for the second and

third charge mortgages advanced to 119.

47. The second mortgage on the Building, dated September 29, 2016, is held by both Joginder Sunner and Guggendeep Jawanda. Based off the information noted in the second mortgage payout statement, the Receiver has determined that the amount outstanding to the Subordinate Mortgage Holders as of November 13, 2023, is as follows:

Joginder Sunner & Guggendeep Jawanda Payout As of November 13, 2023	
Principal & Accrued Interest as at Nov 10	218,055.58
Unpaid Legal Fees	1,538.46
Per Diem (Nov 11 to Nov 13) - 3 days	213.69
Total	**219,807.73**

48. The third mortgage on the Building, dated December 28, 2017, is held solely by Guggendeep Jawanda. Based off the information noted in the third mortgage payout statement, the Receiver has determined that the amount outstanding to Guggendeep Jawanda as of November 13, 2023 is as follows:

Guggendeep Jawanda Payout As of November 13, 2023	
Principal & Accrued Interest as at Nov 10	65,416.66
Unpaid Legal Fees	461.54
Per Diem (Nov 11 to Nov 13) - 3 days	64.08
Total	**65,942.28**

49. Counsel for the Subordinate Mortgage Holders stated that legal fees outstanding are currently $2,000. The Receiver allocated and included this amount between the Subordinate Mortgages as a percentage of original loan value advanced against the aggregate.

<u>Interim Distribution</u>

50. Given the amounts detailed above, the Receiver requests that funds in the amount of $3,144,761.12 be distributed to BMO and the Subordinate Mortgage Holders.

1194038 Alberta Ltd.	
Ernst & Young Inc., Receiver	
Proposed Interim Distribution	
Cash on Hand - October 27, 2023	**4,359,195**
Less Distributions:	
BMO Distribution	2,859,011
Sunner & Jawanda Distribution	219,808
Jawanda Distribution	65,942
Total Distributions	**3,144,761**
Cash on Hand - November 13, 2023	**1,214,434**

51. The remaining funds will be held by the Receiver and disbursed at a later date once the Receiver has discussed the situation with CRA and/or has quantified the amount of the potential capital gain and CRA has filed their amended claim with the Receiver for the outstanding GST.

CONCLUSION

52. Based on the matters outlined in this report, the Receiver respectfully requests that this Honourable Court grant an Order (or Orders) that:

a) approves the Receiver's actions as set out in this report;

b) approves the October 27 Statement of Receipts and Disbursements;

c) approves the fees and expenses of the Receiver and those of its legal counsel, including unbilled WIP up to October 20, 2023;

d) approves the Interim Distribution as set out herein; and,

e) provides such further relief that the Court considers just and warranted in the circumstances.

Respectfully submitted this 30th day of October, 2023.

Ernst & Young Inc.
In its capacity as Receiver of
1194038 Alberta Ltd.
and not in its Personal Capacity

Per:

Matt McCulloch, CPA, CA, CIRP, LIT
Senior Vice President

SCHEDULE A

WORKPLACE LAW

The CRA has closed a loophole that will transform severance

Wrongful dismissal settlements will be more difficult, ***Howard Levitt*** writes.

In the past, non-taxable payments as part of a wrongful dismissal settlement have gone under the CRA radar but that will change with a new disclosure rule, writes Howard Levitt. GETTY

There is a dirty little secret as to how employment law cases get settled. But it is coming to an end — this column will hasten its demise.

Employee lawyers constantly make vicious claims on behalf of their clients about age discrimination, racial discrimination, fraudulent practices, toxic work environments — even worse. And they, and their clients, seldom believe a word of it.

It often boomerangs because the employer is so offended that they choose to defend the case at all costs rather than pay the employee anything. Or, as some put it to me, I would rather spend money on you than on this employee who has said all of these horrible untruths.

Not only do such allegations often make cases difficult to settle but they create financial and reputational risk for the employee. The employee will never receive a reference now. And when I act for an employer that receives such allegations in a statement of claim, I pivot to transforming the case into one which focuses on the allegations and their palpable untruth. I also ask for costs at the end both because the employee will lose that (time-consuming) portion of the case and because, as I argue, the court should make an award which provides a disincentive to calumnious allegations that take up court time.

So, with all these risks, why do lawyers do it?

They do it because such allegations attract punitive or other damages that are not taxable. And they are hoping to not have to actually prove any of this nonsense but to settle the case with an allocation to general (i.e. non-taxable) damages.

It is good for the employer too since it permits it to pay less in severance pay while providing the employee the same net return. For example, if someone is at the highest tax bracket, a payment of $50,000 in general damages is worth over $100,000 to them in severance pay so the employer saves monies in the settlement by providing some of the monies as general damages.

What employers invariably ask, in return for agreeing to pay these non-taxable amounts, is to be indemnified by the employee in the unlikely event that the Canada Revenue Agency actually audits and finds that this non-taxable payment was not bona fide and was really disguised severance rather than a payment for human rights abuses or toxic treatment.

In other words, if the CRA comes back at them for the tax they should have withheld, the indemnity requires the employee to reimburse them. Since more than 95 per cent of the time such a payment is not bona fide, the employer always insists on such an indemnity. But I have yet to hear of a case where this indemnity was ever called on, in the thousands of such cases in which I have been involved, because the CRA simply would not catch it through any normal audit procedure.

But CRA is now wise to this.

As of June 22, if such an indemnity is provided in return for a non-taxable payment as part of a severance agreement, the employer and employee must separately disclose, in a RC312, this settlement to the CRA within 90 days, along with a detailed description of the parties, the facts and the tax consequences. Failure to comply will result in substantial monetary fines as well as the likelihood of the tax benefit being disallowed. If not reported in a timely fashion, the CRA has the ability to reassess the taxpayer for a three or four-year period, depending on the type of taxpayer.

Needless to say, if most of these general damage transactions are reported so that the CRA scrutinizes them, they will be disallowed. As a result, few employers are going to participate in what has been pretty close to a tax fraud, albeit practised with abandon in the employment bar.

What will be the result of this legislative change? There are two main possibilities:

1) Either employers will only pay non-taxable damages as severance if they truly believe there is an overwhelming legal basis for it, something that would eliminate 95 per cent of such payments; or

> *Few employers are going to participate in what has been pretty close to a tax fraud, albeit practised with abandon in the employment bar.*

2) Employers, to obtain the advantage of paying non-taxable general damages to make their severance settlements, will not ask for an indemnity agreement and take the chance that the CRA will not spot it, or, if it does, will assess it against the primary taxpayer, the employee, who they will hope has the resources to pay the extra money.

Wrongful dismissal settlements in Canada have just become more difficult.

Financial Post

Howard Levitt is senior partner of Levitt Sheikh, employment and labour lawyers with offices in Toronto and Hamilton. He practices employment law in eight provinces. He is the author of six books including The Law of Dismissal in Canada.

New questions for wind, solar create confusion

New information requirements for Alberta power generators including wind and solar projects will create problems for a booming renewables industry that government policy has already slowed, said an industry advocate.

Jorden Dye of the Business Renewables Centre, a group that links generators and purchasers of renewable power, said some of the commission's questions around land use, agricultural impacts and reclamation seem unclear and "too vague to be actionable."

"They introduced more questions than answers," Dye said.

On Sept. 6, the Alberta Utilities Commission released a series of interim information requests those proposing new projects need to answer.

The commission is to hold an inquiry into how to regulate Alberta renewables, during which power proposals must answer its requirements.

The commission did not respond to a request for an interview.

The Canadian Press

FP
EDMONTON

HOUSEHOLD DEBT RATIO DOWN IN Q1

Statistics Canada says the amount Canadians owe relative to how much they earn fell in the second quarter as disposable income comfortably outpaced the growth in debt and demand for mortgages fell. The agency says household credit market debt as a proportion of household disposable income, on a seasonally adjusted basis, fell to 180.5 per cent in the second quarter compared with 184.2 per cent in the first quarter of the year. In other words, Statistics Canada says there was $1.81 in credit market debt for every dollar of household disposable income in the second quarter, down from $1.84 in the first three months of 2023. Meanwhile, the household debt service ratio, measured as total obligated payments of principal and interest on credit market debt as a proportion of household disposable income, was 14.79 per cent in the most recent quarter. *The Canadian Press*

Residential rents hit record high in August: report

IAN VANDAELLE

National residential rental rates hit a new all-time high in August, according to a new report from rentals.ca.

Average rents rose 1.8 per cent month over month — and 9.6 per cent year over year — to reach $2,117 in the month, with the year-over-year figure marking a four-month high. While it was a new record in terms of price, the 9.6 per cent figure was lower than the record 12 per cent increase in rents recorded in August 2022.

Over the past three months, spanning from May to August, rents were up 5.1 per cent, or the equivalent of $103 in monthly payments.

The increase in rents was most starkly reflected in the apartment segment, where average rental rates were up 16 per cent year over year in August, dwarfing the 6.2 per cent increase in rental rates for homes and townhomes.

On a regional basis, Alberta led the way, with purpose-built rental apartments and condo rents rising 15.6 per cent year-over-year — the fourth consecutive month where the province had the highest rental price growth.

Quebec was next in line, posting the second-fastest growth in August at a 14.3 per cent year-over-year clip. That marks the third consecutive month the province trailed only Alberta.

Rent increases were the slowest in Manitoba and Saskatchewan on a year-over-year basis, rising 8.3 and 2.7 per cent, respectively.

In the report, rentals.ca attributed the increases to Canada's booming population growth and the rising interest rate environment, which has sidelined many prospective homebuyers.

The higher benchmark rate from the Bank of Canada paired with the B-20 stress tests, which require borrowers to qualify at either 5.25 per cent or their contractual rate plus 200 basis points, whichever is greater, has curbed some home sales activity, particularly in more expensive markets such as Toronto and Vancouver.

Those two markets — while not notching the largest rental rate increases in the month — remained the most expensive cities for renters in the month, with a one-bedroom running at $2,988 and $2,620, respectively.

Financial Post

Officials at the Canada Mortgage and Housing Corporation are highlighting the need for policy-makers to recognize and remedy the country's housing shortfall, including streamlining regulations and making them more efficient. *SEAN KILPATRICK/THE CANADIAN PRESS FILES*

Canada still needs 3.5 million more homes to close affordability gap, CMHC says

Housing agency studying ways to return affordability to 2004 levels

BARBARA SHECTER

A huge gap of 3.5 million homes remains between the number Canada is on pace to build and the number needed to restore housing affordability by 2030, but changing economic and demographic projections have narrowed the shortfall in some provinces while widening it in others.

The outlook was contained in a report Wednesday from the Canada Mortgage and Housing Corporation, which has been tracking housing affordability in Canada through a series of reports since June 2022.

"Last year, we projected that, by 2030, there would be 18.6 million housing units in Canada. Now, we project 18.2 million units," the report said. "Materials have gotten more expensive, labour is in short supply, and it's hard to get financing for construction."

With home ownership out of reach for many Canadians as prices have soared, particularly in cities such as Vancouver and Toronto, Canada's housing agency has been studying what it would take to return affordability to 2004 levels in a series of reports released since June 2022.

"What we're looking for are policy solutions to increase supply by all levels of government but also whether the private sector can improve how they produce: are there productivity gains, are there more efficiencies, better technologies that can be used, better materials?" said Aled ab Iorwerth, deputy chief economist at CMHC. "We're seeing action in the province of Ontario with legislative changes on the supply side, but I'm not sure that the scale of the challenge has yet gotten through."

The housing supply slowdown caused by factors including higher financing costs and labour issues has so far been less of an issue in Ontario compared to other provinces, according to the CMHC. At the same time, demand for housing is expected to decrease as a result of lower projected growth in income per household in the province.

As a result, the housing supply gap in Ontario is now estimated to have been shaved to 1.5 million homes compared to the 1.85 million projected in 2022. In Alberta, by contrast, the housing supply gap is now projected at 130,000, up from just 20,000. Quebec's housing supply gap is also expected to swell to 860,000 from 620,000.

"We're projecting a sharper fall in supply in Alberta and Quebec by 2030, but we're also projecting more economic growth and population growth within Alberta and Quebec, so the supply gap increases," said ab Iorwerth.

The latest CMCH report lays out a high population growth scenario that looks at what will happen to the housing supply gap across Canada if current immigration trends continue through 2030 and a separate low-economic-growth scenario that looks at what will happen if economic growth is weaker than the housing agency's baseline scenario and current immigration policies end in 2025.

In the first scenario, the housing agency found that the housing supply gap across the country will increase to 4 million housing units from 3.5 million.

"This is because the higher population, and larger pool of income it brings, increase demand for housing," the report says.

In the latter scenario, the housing supply gap falls to 3.1 million units.

> *This latest report reinforces the need for urgent action to increase housing supply to make housing affordable for everyone in Canada.*

In either scenario, officials at the housing agency stressed the need for policy-makers to recognize and remedy the shortfall, including streamlining regulations and making them more efficient.

"This latest report reinforces the need for urgent action to increase housing supply to make housing affordable for everyone in Canada," said ab Iorwerth.

The CMHC plans to continue its research to better understand what drives housing demand and supply. The next update is expected early next year and will dig in to the impact of population mobility across regions and provinces, the number of rental units needed to reach affordability, and how the lack of housing supply impacts those in different income quintiles.

The housing agency's deputy chief economist said early trends suggest that housing affordability may be affecting mobility, with some choosing to settle in provinces such as Alberta due to housing costs in less affordable provinces like British Columbia and Ontario.

"What we're seeing in Alberta is more population growth, so it's possible that people are starting to leave more expensive places like Vancouver and Toronto and moving to Calgary and Edmonton," said ab Iorwerth.

Financial Post

Dollarama reports Q2 profit, sales up from year ago

MONTREAL Dollarama Inc. reported its second-quarter profit rose compared with a year ago as its sales also climbed nearly 20 per cent.

The retailer said Wednesday it earned $245.8 million or 86 cents per diluted share for the quarter ended July 30, up from a profit of $193.5 million or 66 cents per diluted share in the same quarter last year.

Sales for the quarter totalled $1.46 billion, up from $1.22 billion a year earlier.

Dollarama says the increase was driven by growth in its total number of stores compared with a year ago and higher comparable store sales.

Comparable store sales for the quarter rose 15.5 per cent as the number of transactions gained 12.9 per cent and the average transaction size added 2.3 per cent.

Dollarama had 1,525 stores at the end of its most recent quarter, up from 1,444 a year earlier.

"Our performance year to date for this fiscal year reflects our differentiated ability to provide compelling value across our broad product mix and a consistent shopping experience," Dollarama CEO Neil Rossy said in a statement.

"Dollarama continues to deliver unparalleled value to a growing number of consumers seeking affordable everyday products at low price points, and we expect this strong demand to persist through the second half of the year in the current macroeconomic context."

The Canadian Press

SCHEDULE B

Ernst & Young Inc.
Edmonton, AB

Invoice

1194038 Alberta Ltd.
1304 Wellbourn Lane NW
Edmonton, AB T6M 2M2
Canada

Invoice No.: CA12C500009780
Please include this number with payment

Invoice Date:	September 28, 2023
Due Date:	Upon receipt
Client No.:	0013373125
Engagement No.:	E-67352495

Please see last page of the invoice for payment instructions.

For professional services rendered from June 17 up to and including September 22, 2023.

		Net	Tax	Rate	Tax Amount	CAD Total
Fee		18,889.50	GST	5 %	944.48	19,833.98
Expenses		3,789.40	GST	5 %	189.47	3,978.87
		22,678.90			**1,133.95**	**23,812.85**
Invoice summary		**22,678.90**				
Tax:	5% GST				1,133.95	
Total:		**22,678.90**			**1,133.95**	**23,812.85**

A member of Ernst & Young Global

Terms: Payment due upon receipt. Interest is charged at the rate of 12 % per annum on balances unpaid after 30 days from date of invoice. Any disbursements not charged to your account on the date of this invoice will be billed later.
GST/HST: R123425522 **QST:** 1006354498

Payment Options and Instructions

Interac e-Transfer
Email to use for transfer: etransfer.eyllp.cad@ca.ey.com

Auto-deposit is enabled, no password is required.

In Notes/Comments section, please include invoice number(s).

Cheques
P.O. Box 57104
Postal Station A
Toronto, ON M5W 5M5.

Please include the invoice number(s) on the cheque details.

Wire Transfer

Beneficiary:	Ernst & Young LLP
Address:	100 Adelaide Street West Toronto, ON, M5H 0B3
Beneficiary Bank	BMO Bank of Montreal
Bank SWIFT Code:	BOFMCAM2
Code CC:	000124112
Beneficiary's Account #:	24111000237

Electronic Funds Transfer (EFT)

Legal Name:	Ernst & Young LLP
Banking Information:	Bank of Montreal Bank : 001 Transit : **24112** Account #: 1000237

To ensure proper application of your electronic payment, please provide client and invoice number details directly to:
gss.CanadaAccountsReceivable@xe02.ey.com.

SCHEDULE C

2500, 10303 Jasper Avenue
Edmonton, Alberta T5J 3N6
Canada

T: 780.428.0501
F: 780.429.2559
lawyers@wittenlaw.com
www.wittenlaw.com

Ernst & Young Inc.
1400, 10423 - 101 Street
PO Box 44
Edmonton, AB T5H 0E7

Attention: Matt McCulloch

October 3, 2023
Invoice No.: 496324
Our File No.: 133281-2

GST/HST 121418982

RE: Receivership of 1194038 Alberta Ltd.

REMITTANCE COPY
PLEASE REMIT WITH PAYMENT

Total Fees	$9,526.50
Non Taxable Disbursements	82.00
Total Disbursements subject to GST	96.26
Total Taxable Other Charges	709.10
Total GST	516.60
INVOICE TOTAL	**$10,930.46**

Payment Methods:

[ ] e-transfer to accounting@wittenlaw.com and include Invoice Number and Client Name

[ ] Cheque payable to Witten LLP

[ ] Pay securely online with Visa or MasterCard at https://www.wittenlaw.com/pay-online

[ ] Please contact Monika Taylor mtaylor@wittenlaw.com or 780-441-3232 if you require assistance

SCHEDULE D

MILLER THOMSON
AVOCATS | LAWYERS

MILLER THOMSON LLP
COMMERCE PLACE
10155 – 102 STREET, SUITE 2700
EDMONTON, AB T5J 4G8
CANADA

T 780.429.1751
F 780.424.5866

MILLERTHOMSON.COM

October 23, 2023

Susy Trace
Direct Line: +1 780.429.9713
strace@millerthomson.com

File No. 0255722.0003

Handling

Via Email: bcargill@wittenlaw.com

Witten LLP
2500, 10303 Jasper Avenue
Edmonton, AB T5J 3N6

Attention: Bren R. Cargill

Dear Sir:

**Re: Bank of Montreal v 1194038 Alberta Ltd. (119") and Alan Dobish also known as Allan Dobish (Collectively, the "Defendants")
Court of King's Bench Action No. 2303 01855 (the "Action")
Your File No. 133281.2/BRC**

As you are aware, we are solicitors for Bank of Montreal ("**BMO**") in the Action. Further to your request, we hereby provide you with a payout statement respecting the indebtedness owing to BMO by 119. As at October 4, 2023, the indebtedness owing to BMO totals the aggregate of the following amounts (the "**Indebtedness**"):

1. The principal amount of $2,788,488.61, plus accrued interest in the amount of $49,552.60 for a total of $2,838,041.21, plus interest from and after October 5, 2023 at the fixed rate of 3.51%, which amounts to the *per diem* rate of $272.84; plus

2. Unpaid legal fees and work in progress in the amount of $10,329.14 to and including October 19, 2023; plus

3. $5000.00 to account for future fees and costs that may be incurred by BMO in order to complete the matter. Please note that this amount is an estimate and any amounts collected that exceed BMO's costs actually incurred will be returned to the Receiver.

Payment of the Indebtedness, plus interest to the date paid in accordance with the terms of this letter is to be made to BMO, care of this office by way of certified cheque or wire transfer. If you plan to send the funds by way of wire, please contact me by telephone and we will send our wire instructions to you. Any amount received after 2:00 PM on any business day will be deemed to be received on the next business day for the purposes of accrual of interest.

We have assumed that aside from the upcoming application for distribution scheduled for November 10, 2023, there are no material activities that will require our advice or involvement in this matter. In the event that unforeseen issues arise that require legal advice or services, the amount owing to BMO could increase and potentially exceed the fee accrual estimate in this letter. If this occurs, BMO reserves the right to collect any excess amounts arising as a result of unforeseen circumstances in that event.

We trust the forgoing to be in order, however we are pleased to discuss any questions that the Receiver may have.

Yours truly,

MILLER THOMSON LLP

Per:

Susy Trace
Partner

ST/sh

Enclosure
c. Bank of Montreal, Attention: M. Madrigga (Via Email)

SCHEDULE E

Loan Statement
Lender- Sunner/Jawanda

Borrower- 1194038 Alberta Ltd.

PLAN 7722579 Block 2 Lot 7

Loan Advance Amount- $200,000.00
Principal Amount as on Dec 31, 2018-
$200,000.00

Interest Rate 13% per annum

Principal Amount as on Dec 31, 2018	200,000.00
Intrest From Jan 1 2018 to Jan 31 2018	2,166.67
Interest Paid	-2,166.67
Intrest Feb 2018	2,166.67
Intrest paid	-2,166.67
Intrest March 2018	2,166.67
Interest Paid	-2,166.67
Intrest April 2018	2,166.67
Interest Paid	-2,166.67
Intrest May 2018	2,166.67
Interest Paid	-2,166.67
Intrest June 2018	2,166.67
Interest Paid	-2,166.67
Interest July 2018	2,166.67
Interest Paid	-2,166.67
Intrest August 2018	2,166.67
Interest Paid	-2,166.67
Intrest September 2018	2,166.67
Interest Paid	-2,166.67
Intrest October 2018	2,166.67
Interest Paid	-2,166.67
Intrest November 2018	2,166.67
Interest Paid	-2,166.67
Intrest December 2018	2,166.67
Interest Paid	-2,166.67
Intrest From Jan 1 2019 to Jan 31 2019	2,166.67
Interest Paid	-2,166.67
Intrest Feb 2019	2,166.67
Intrest paid	-2,166.67
Intrest March 2019	2,166.67
Interest Paid	-2,166.67
Intrest April 2019	2,166.67
Interest Paid	-2,166.67

Intrest May 2019	2,166.67
Interest Paid	-2,166.67
Intrest June 2019	2,166.67
Interest Paid	-2,166.67
Interest July 2019	2,166.67
Interest Paid	-2,166.67
Intrest August 2019	2,166.67
Interest Paid	-2,166.67
Intrest September 2019	2,166.67
Interest Paid	-2,166.67
Intrest October 2019	2,166.67
Interest Paid	-2,166.67
Intrest November 2019	2,166.67
Interest Paid	-2,166.67
Intrest December 2019	2,166.67
Interest Paid	-2,166.67
Intrest December 2020	2,166.67
Interest Paid	-2,166.67
Intrest From Jan 1 2021 to Jan 31 2021	2,166.67
Interest Paid	-2,166.67
Intrest Feb 2021	2,166.67
Intrest paid	-2,166.67
Intrest March 2021	2,166.67
Interest Paid	-2,166.67
Intrest April 2021	2,166.67
Interest Paid	-2,166.67
Intrest May 2021	2,166.67
Interest Paid	-2,166.67
Intrest June 2021	2,166.67
Interest Paid	-2,166.67
Interest July 2021	2,166.67
Interest Paid	-2,166.67
Intrest August 2021	2,166.67
Interest Paid	-2,166.67
Intrest September 2021	2,166.67
Interest Paid	-2,166.67
Intrest October 2021	2,166.67
Interest Paid	-2,166.67
Intrest November 2021	2,166.67
Interest Paid	-2,166.67
Intrest December 2021	2,166.67
Interest Paid	-2,166.67
Intrest From Jan 1 2022 to Jan 31 2022	2,166.67
Interest Paid	-2,166.67
Intrest Feb 2022	2,166.67
Intrest paid	-2,166.67
Intrest March 2022	2,166.67

Interest Paid	-2,166.67
Intrest April 2022	2,166.67
Interest Paid	-2,166.67
Intrest May 2022	2,166.67
Interest Paid	-2,166.67
Intrest June 2022	2,166.67
Interest Paid	-2,166.67
Interest July 2022	2,166.67
Interest Paid	-2,166.67
Intrest August 2022	2,166.67
Interest Paid	-2,166.67
Intrest September 2022	2,166.67
Interest Paid	-2,166.67
Intrest October 2022	2,166.67
Interest Paid	-2,166.67
Intrest November 2022	2,166.67
Interest Paid	-2,166.67
Intrest December 2022	2,166.67
Interest Paid	-2,166.67
Intrest From Jan 1 2023 to Jan 31 2023	2,166.67
Interest Paid	-2,166.67
Intrest Feb 2023	2,166.67
Intrest pad	-2,166.67
Intrest March 2023	2,166.67
Intrest April 2023	2,166.67
Intrest May 2023	2,166.67
Intrest June 2023	2,166.67
Interest July 2023	2,166.67
Intrest August 2023	2,166.67
Intrest September 2023	2,166.67
Intrest October 2023	2,166.67
Intrest Nov 1 to Nov 10 2023	722.22
Total amount as on November 10 2023	**218,055.58**

Per Diem after November 10 2023 $71.23

Please make cheque payable to Gurinder D S Bhangoo in trust

Loan Statement
Lender- Jawanda

Borrower- 1194038 Alberta Ltd.

PLAN 7722579 Block 2 Lot 7
Loan Advance Amount- $60,000.00
Principal Amount as on Dec 31, 2019-
$60,000.00

Interest Rate 13% per annum

Principal Amount as on Dec 31, 2019- $60,000.00	60,000.00
Intrest From Jan 1 2019 to Jan 31 2019	650
Interest Paid	-650
Intrest Feb 2019	650
Intrest paid	-650
Intrest March 2019	650
Interest Paid	-650
Intrest April 2019	650
Interest Paid	-650
Intrest May 2019	650
Interest Paid	-650
Intrest June 2019	650
Interest Paid	-650
Interest July 2019	650
Interest Paid	-650
Intrest August 2019	650
Interest Paid	-650
Intrest September 2019	650
Interest Paid	-650
Intrest October 2019	650
Interest Paid	-650
Intrest November 2019	650
Interest Paid	-650
Intrest December 2019	650
Interest Paid	-650
Intrest From Jan 1 2020 to Jan 31 2020	650
Interest Paid	-650
Intrest Feb 2020	650
Intrest paid	-650
Intrest March 2020	650
Interest Paid	-650
Intrest April 2020	650
Interest Paid	-650
Intrest May 2020	650

Interest Paid	-650
Intrest June 2020	650
Interest Paid	-650
Interest July 2020	650
Interest Paid	-650
Intrest August 2020	650
Interest Paid	-650
Intrest September 2020	650
Interest Paid	-650
Intrest October 2020	650
Interest Paid	-650
Intrest November 2020	650
Interest Paid	-650
Intrest December 2020	650
Interest Paid	-650
Intrest From Jan 1 2021 to Jan 31 2021	650
Interest Paid	-650
Intrest Feb 2021	650
Intrest paid	-650
Intrest March 2021	650
Interest Paid	-650
Intrest April 2021	650
Interest Paid	-650
Intrest May 2021	650
Interest Paid	-650
Intrest June 2021	650
Interest Paid	-650
Interest July 2021	650
Interest Paid	-650
Intrest August 2021	650
Interest Paid	-650
Intrest September 2021	650
Interest Paid	-650
Intrest October 2021	650
Interest Paid	-650
Intrest November 2021	650
Interest Paid	-650
Intrest December 2021	650
Interest Paid	-650
Intrest From Jan 1 2022 to Jan 31 2022	650
Interest Paid	-650
Intrest Feb 2022	650
Intrest paid	-650
Intrest March 2022	650
Interest Paid	-650
Intrest April 2022	650
Interest Paid	-650

Intrest May 2022	650
Interest Paid	-650
Intrest June 2022	650
Interest Paid	-650
Interest July 2022	650
Interest Paid	-650
Intrest August 2022	650
Interest Paid	-650
Intrest September 2022	650
Interest Paid	-650
Intrest October 2022	650
Interest Paid	-650
Intrest November 2022	650
Interest Paid	-650
Intrest December 2022	650
Interest Paid	-650
Intrest From Jan 1 2023 to Jan 31 2023	650
Interest Paid	-650
Intrest Feb 2023	650
Intrest pad	-650
Intrest March 2023	650
Intrest April 2023	650
Intrest May 2023	650
Intrest June 2023	650
Interest July 2023	650
Intrest August 2023	650
Intrest September 2023	650
Intrest October 2023	650
Intrest Nov 1 to Nov 10 2023	216.66
Total amount as on November 10 2023	65,416.66

Per Diem after November 10 2023 $21.36
Please make cheque payable to Gurinder D S
Bhangoo in trust