

COURT FILE NUMBER

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COURT

COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

APPLICANT

THE ROYAL BANK OF CANADA

RESPONDENTS

**HANSEN COMPANY LIMITED AND SHAWN
HANSEN**

DOCUMENT

**FIRST REPORT OF THE COURT APPOINTED
RECEIVER AND MANAGER OF HANSEN
COMPANY LIMITED**

DATED APRIL 15, 2024

**PREPARED BY HUDSON & COMPANY
INSOLVENCY TRUSTEES INC.**

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INTRODUCTION AND BACKGROUND

Introduction

1. Pursuant to an Order (the “**Receivership Order**”) granted by the Court of King’s Bench of Alberta (the “**Court**”) on November 23, 2023 (the “**Date of Receivership**”), Hudson & Company Insolvency Trustees Inc. was appointed as receiver and manager (the “**Receiver**”) of Hansen Company Limited (the “**Debtor**”).
2. The Receivership Order was granted as a result of an application by Royal Bank of Canada (“**RBC**”), which holds registered security over all of the Debtor’s present and after acquired property pursuant to a general security agreement.
3. The Receiver retained Field Law LLP as its independent legal counsel.

Notice to Reader

4. In preparing this report, the Receiver has relied on unaudited financial information, the Debtor’s books and records and discussions with former management, interested parties and other stakeholders. The Receiver has not performed an independent audit or review of the information provided, or otherwise made any attempt to verify the accuracy or completeness of the information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Canadian Institute of Chartered Accountants Handbook. The Receiver assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the use of this Report, or the reproduction, publication or circulation thereof.

Background

5. The Debtor was a property management company that owned real property legally described as:

PLAN HIGH RIVER 2245E
BLOCK TWO (2)
LOT FOUR (4) AND THE NORTHERLY TWENTY (20)
FEET OF LOT FIVE (5)
EXCEPTING THEROUT ALL MINES AND MINERALS
(collectively, the “**Property**”)

6. This report (the “**First Report**”) outlines the activities of the Receiver since the Date of Receivership.
7. The Receiver further respectfully seeks approval of the Receiver’s reported actions to date in respect of administering these receivership proceedings.

ACTIVITIES SINCE THE DATE OF RECEIVERSHIP

Operations

8. At the Date of Receivership, there were three tenants within the Property, one of which was on a month-to-month contract only. The Receiver collected monthly rent from the tenants in accordance with the lease agreements in place, and at the date of this First Report, approximately \$15,000 of lease payments has been collected. In recent months, two of the three tenants terminated their leases, leaving only 2443825 Alberta Ltd. operating as CGA Medical Imaging (“**CGA**”) as a tenant of the Property.
9. In early January 2024, the Receiver was notified of heating issues within the Property. As there was a severe cold warning issued throughout the area, the Receiver took immediate steps to temporarily resolve the heating issues and avoid damage to the Property. After inspections by a local HVAC company, it was determined that the main floor of the Property was in need of a new heater system. The Receiver, in discussion with RBC and counsel, determined it was prudent to replace the heating system to avoid risk of damage to the building and to ensure proper standards and safety were adequate for the existing tenants. The costs to repair the heating system were approximately \$27,000 and the repairs are now complete.

10. The Receiver also took steps to ensure the Property was insured and to pay any ongoing premiums, maintain the on-site elevator, etc.
11. The Receiver was also informed that certain assets of the Debtor had been removed immediately prior to the Receivership. The Receiver obtained details of the items removed and learned that it was primarily low-value office furniture. The Receiver subsequently entered into a sale agreement and collected funds from the party that removed these assets pre-receivership.

SALES PROCESS

12. Prior to the Date of Receivership, the Property had been listed for sale by Shawn Hansen, former director of the Debtor, at a price of \$1.8 million. The Receiver understands that no offers were received and the listing price was subsequently reduced to \$1.7 million. Again, no offers were received.
13. Following its appointment, the Receiver was provided an offer for the purchase of the Property via email from CGA Medical Imaging (the “**First CGA Offer**”). The Receiver discussed the value and terms of the First CGA Offer with counsel and in consideration of the value of the First CGA Offer as compared to an appraisal of the Property from October 2022, and the prior listing amount. The Receiver determined that it could not accept the First CGA Offer as presented, but instead would obtain an updated appraisal of the Property.
14. As mentioned above, Colliers International Group Inc. had previously appraised the Property for RBC in October, 2022. Following discussions with representatives of RBC and in consultation with its counsel, the Receiver retained Colliers to update their appraisal. Such appraisal was completed in January, 2024, and a copy of the updated appraisal and details of expected realizable value (the “**Colliers Appraisal**”) is attached as **Confidential Appendix A**.
15. Following receipt of the Colliers Appraisal the Receiver decided it would be prudent to list the

Property for sale. Disclosure of this course of action was provided to CGA and it was noted that they still had interest in acquiring the Property. Following an assessment of multiple commercial realtors, the Receiver signed a 60-day listing contract with Jim Ross from ReMax Southern Realty, with a listing price of \$1,250,000. Given that CGA had already expressed an interest in the Property, they were specifically excluded within the listing contract so as to avoid paying a realtor commission if CGA ultimately presented the best offer for the Property.

16. On or around February 15, 2024, a third party purchaser (the “**Third Party**”) presented a conditional offer to purchase the Property (the “**Third Party Offer**”) to the Receiver. Following consultation with counsel and RBC, the Third Party Offer was considered and a counter offer was presented.
17. Around this time, the Receiver contacted to CGA to inform them of the receipt of the Third Party Offer, without disclosing the identity of the Third Party or the offer terms. CGA was informed they could provide a further, better offer for the Property if they deemed it appropriate and ultimately, CGA presented a second written offer to the Receiver (the “**Second CGA Offer**”) for the Property.
18. After consideration of the Third Party Offer and the Second CGA Offer, the Receiver accepted the Third Party Offer, which was subject to identified conditions, including approval of this Honourable Court. A copy of the Third Party Offer is attached in **Confidential Appendix B**.
19. The Third Party then began its process of conducting due diligence as part of its conditional offer. This included seeking consent (which the Receiver provided) to speak with the existing tenants of the Property.
20. Around this time, counsel for CGA contacted the Receiver’s counsel and noted its ongoing interest in purchasing the Property, in spite of CGA’s understanding that the conditional Third Party Offer had been accepted by the Receiver.
21. It is unknown if the Third Party and representatives of CGA had dialogue about the Property,

however, Receiver's counsel was informed by CGA's counsel that if the Third Party was ultimately unsuccessful in acquiring the Property, it would not remain as a tenant in the Property.

22. On or about March 20, 2024, CGA submitted a further offer on the Property (the "**Third CGA Offer**") through their counsel to the Receiver's counsel.
23. On or about March 27, 2024, the Third Party informed the Receiver's realtor that they were not waiving their purchase conditions and the Third Party Offer was officially withdrawn.
24. The listing agreement with the commercial realtor of the Property expired on March 29, 2024, and has not been renewed.
25. Following discussions with CGA, on April 3, 2024, the Receiver accepted the Third CGA Offer, a copy of which is in **Confidential Appendix C**.
26. Subject to the approval of this Honourable Court, the sale of the Property is to close within 60 days.
27. The Receiver recommends that the Third CGA Offer be accepted for the following reasons:
 - a. The Property has been extensively, professionally marketed;
 - b. The Third CGA Offer is reasonable when compared to the Colliers Appraisal and offers the best recovery for the stakeholders of the estate of the Debtor; and,
 - c. RBC, who is the primary secured creditor, is in agreement with the sale terms and supports the sale to CGA.
28. If the sale of the Property by the Receiver to CGA is not approved by this Honourable Court, the Receiver intends to relist the property for sale, with an expectation that the final remaining tenant will vacate the premises, potentially impacting the valuation of the Property.

STATEMENT OF RECEIPTS AND DISBURSEMENTS

29. Attached as Appendix A to this First Report is the actual receipts and disbursements of the

Receiver up to and including April 10, 2024 (the “**Interim SRD**”).

APPROVAL BEING SOUGHT

30. In this Application the Receiver is seeking an Order for the following relief:

- a. Declaring that the within Application is properly returnable on Monday, April 22, 2024, and that service of this Application is validated and deemed good and sufficient;
- b. Approving and authorizing the sale of the Property, as defined in the sale agreement appended as Confidential Appendix C, namely the offer to purchase and agreement of purchase and sale between the Receiver on behalf of the Debtor and CGA, dated April 3, 2024 (the "**Sale Agreement**");
- c. Vesting in CGA all of the Debtor's right, title and interest in and to the Property;
- d. Sealing the Confidential Appendices attached to the First Report on the Court file until such time as the Receiver's Certificate has been filed in relation to the Transaction;
- e. Ratifying and approving the Receiver's actions, conduct and activities as outlined in the First Report; and
- f. Such further and other relief as counsel may seek and this Honourable Court deems just.

All of which is respectfully requested.

HUDSON & COMPANY INSOLVENCY TRUSTEES INC.

In its capacity as Court-Appointed Receiver and Manager of
Hansen Company Limited and not in its personal capacity



Breanna Burkard-Smith, CIRP, LIT

Appendix A

**IN THE MATTER OF THE RECEIVERSHIP OF
HANSEN COMPANY LIMITED
Hudson & Company Insolvency Trustees Inc., Receiver
Interim Statement of Receipts and Disbursements for Hansen Company Limited
For the period of November 23, 2023 to April 11, 2024**

RECEIPTS	Totals
Receiver's borrowings - Receiver's Certificates	\$ 55,000.00
Loan to estate from the Receiver	10,000.00
Rental income	15,051.58
Sale of office furniture	1,165.00
GST collected	810.83
Interest income	166.85
TOTAL RECEIPTS	\$ 82,194.26
 DISBURSEMENTS	
Operating expenses (Garbage, Alarm, Elevator, Utilities, Maintenance)	10,545.97
Insurance	9,797.10
Appraisal Fee	5,071.33
Legal Fees - Field Law	3,933.00
Administrative costs (Ascend, Search fees, filing, land titles)	780.30
GST paid on operating expenses	526.08
GST on legal fees and costs	196.65
GST on administrative costs	16.25
TOTAL DISBURSEMENTS	30,866.68
Excess of Receipts over Disbursements/ Remaining Funds on Hand	\$ 51,327.58