COURT FILE NUMBER	**2401-04463**
COURT **JUDICIAL CENTRE** **APPLICANT** **RESPONDENTS**	**COURT OF KING'S BENCH OF ALBERTA** **CALGARY** **THE BANK OF NOVA SCOTIA** **SMILING SIMBA LEARNING ACADEMY INC., UMA PUJARI AND PRINCE CHAHAL**
DOCUMENT	**THIRD INTERIM REPORT OF THE COURT APPOINTED RECEIVER AND MANAGER OF SMILING SIMBA LEARNING ACADEMY INC.** **DATED AUGUST 24, 2026** **PREPARED BY HUDSON & COMPANY INSOLVENCY TRUSTEES INC.**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**RECEIVER:** **Hudson & Company Insolvency Trustees Inc.** **Attention: Stefan DuChene / Breanna Burkard-Smith** **200, 625 - 11th Avenue SW** **Calgary, Alberta T2R 0E1** **Ph. (403) 984-9553 / (587) 392-9662** **Fx. (403) 234-8770** **Email: sduchene@hudsoninc.ca / bburkard-smith@hudsoninc.ca** **LEGAL COUNSEL:** **Dentons Canada LLP** **Attention: Derek Pontin** **Bankers Court, 15th Floor, 850 - 2nd Street S.W.** **Calgary, Alberta T2P 0R8** **Ph. (403) 268-6301 Fx. (403) 268-3100** **Email: derek.pontin@dentons.com**

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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 January 10, 2025 (the "**Date of Receivership**"), Hudson & Company Insolvency Trustees Inc. was appointed as receiver and manager (the "**Receiver**") of Smiling Simba Learning Academy Inc. (the "**Debtor**" or "**Smiling Simba**").
2. The Receivership Order was granted as a result of an application by The Bank of Nova Scotia ("**BNS**"), applying on the grounds they held registered security over all of the Debtor's present and after acquired property pursuant to a general security agreement and a collateral mortgage against specific real property.
3. The Receiver has retained Dentons Canada 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. Smiling Simba owned a two story building in Calgary, specifically designed and zoned for use as a day care centre. This real property is legally described as:

   PLAN 1312423

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BLOCK 51
LOT 64
EXCEPTING THERREOUT ALL MINES AND MINERALS

(the "**Property**").

6. At the Date of the Receivership, the Property was fully leased pursuant to a lease agreement (the "**Lease**") with Smiling Simba as landlord and 2497453 Alberta Ltd., as tenant ("**Tenant**"). The Tenant was operating a day care at the time of the start of the receivership and continues to do so.
7. The Reviver previously prepared two interim reports that were made available on the Receiver's website. In addition, the Receiver prepared a report to the Court ("**First Court Report**") dated February 19, 2026.
8. As detailed in the First Court Report, the Receiver appraised the Property and conducted a fulsome sales process.
9. The Receiver applied to Court on February 25, 2026, for a Sale Approval and Vesting Order ("**SAVO**") for the sale of the Property, which was subsequently granted.

ACTIVITIES SINCE THE FIRST COURT REPORT

10. As noted above, the Court granted the SAVO for the Property on February 25, 2026. The transaction closed on April 1, 2026, with the net funds being deposited into the Receiver's trust account.
11. The SAVO granted the Receiver permission to distribute up to $10,500,000 to BNS, the first ranking secured creditor. As such a distribution of $10,500,000 was made to BNS on April 8, 2026.
12. As discussed in the First Court Report, during its application to appoint the Receiver, the Receiver noted BNS expressed concern regarding the potential misappropriation of rent payments that had been collected in the year leading up to the Date of Receivership. Following its appointment, the Receiver reviewed historical rent payment details and determined that between the period of February 2024 to January 2025, rent payments totaling approximately $796,000 were paid directly

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to the director of Smiling Simba, Prince Chahal.

13. On February 25, 2025, the Receiver sent a demand to Prince Chahal for the return of these funds to the estate. The Receiver had followed up several times with Mr. Chahal directly and at the time of the First Court Report, no response had been received.

14. As noted in the First Court Report, the Receiver further understands that a security deposit was paid by the Tenant to Hamilton Baldwin Law in the amount of $200,000 (the "**Deposit**") pursuant to the Lease. The Receiver has been provided with an accounting of the use of the Deposit, and it appears that the Deposit was disbursed at the direction of Mr. Chahal within approximately one month of the deposit being made.

15. On February 25, 2025, the Receiver sent a demand to Prince Chahal for the return of the Deposit funds, and at the time of the First Court Report, no response had been received.

16. On April 21, 2026, Mr. Chahal sent an email to the Receiver, asking for an update on the status of the Property. The Receiver advised the Property had been sold, and asked that Mr. Chahal respond to the February 25, 2025, demand. Mr. Chahal advised that the monies were used to "keep the building afloat and to prevent further liens." The Receiver asked for an accounting to be provided, in which Mr. Chahal advised that his "house was in a house fire and all of paperwork and accounting was present in that house. Therefore we don't have copies of it anymore."

17. Throughout the term of its appointment, the Receiver had multiple discussions with the Tenant regarding the interpretation of the Lease, specifically the proper calculation of the base rent and payment of operating costs. Pursuant to the Lease, any operating costs for the Property, inclusive of property insurance, property taxes, utilities, maintenance, etc, was a cost to be borne by the Tenant, and this was communicated to the Tenant.

18. During the time the Receiver was in possession of the Property and collecting rent, the Tenant paid $1,336,766.30, plus GST. This includes base rent for 14 months, plus $13,000 per month to be contributed towards the property tax cost.

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19. On March 21, 2026, the Receiver sent notice to the Tenant that the outstanding operating costs owing for 2025, pursuant to the Lease, was $114,367.27, which consisted mainly of the insurance needed to protect the property.
20. The Tenant responded and advised they do not have the available funds to pay the amount demanded by the Receiver.
21. On July 9, 2026, the Receiver further sent notice to the Tenant advising that the outstanding operating costs for the relevant portion of 2026, up to the closing of the sale of the Property, were $32,806.26. T
22. The Receiver did not get a response from the Tenant to this latest notice.
23. The Receiver engaged in discussions with BNS with regards to options to recover the amounts owing to the estate by Mr. Chahal and the Tenant, specifically commencing legal action and filing statements of claim. BNS has advised they do not wish the Receiver to incur the additional costs associated with legal action.
24. Accordingly, through counsel, the Receiver reached out to the second mortgage holder, 1967262 Alberta Ltd, to gauge interest in funding the claims to seek payment of these outstanding rents and operating costs. 1967262 Alberta Ltd. also advised they do not wish to take on the associated costs to fund such an application and/or collection efforts.
25. Counsel for the Receiver proceeded to reach out to the third mortgage holder, MortgageQuote Canada Corp., to determine if they had interest in funding the costs to pursue the claims. MortgageQuote Canada Corp. advised they would not fund the costs of the Receiver, but would consider taking the claims against Mr. Chahal and the Tenant by way of assignment from the Receiver, in a manner akin to an application pursuant to section 38 of the *Bankruptcy and Insolvency Act* ("BIA"). The next steps for this application would be considered when the Receiver applies to Court for discharge.
26. Canada Revenue Agency ("**CRA**") has provided clearance to the Receiver with respect to the

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payroll account, and confirmed there are no amounts owing. In June 2026, CRA advised the Receiver there would be a GST audit to assess the amount owing by the estate. Once this audit is complete, the Receiver will take appropriate steps to apply for its discharge.

HUDSON & COMPANY INSOLVENCY TRUSTEES INC.
In its capacity as Court-Appointed Receiver and Manager of
Smiling Simba Learning Academy Inc., and not in its personal capacity



Breanna Burkard-Smith, CIRP, LIT

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