No. S-253697
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN

INSTITUTIONAL MORTGAGE CAPITAL INC., IN ITS CAPACITY AS GENERAL PARTNER OF IMC LIMITED PARTNERSHIP

PETITIONER

AND

1048799 B.C. LTD., 1580006 B.C. Ltd., BALJIT SINGH JOHAL, BANCORP BALANCE MORTGAGE FUND II LTD., BANCORP GROWTH MORTGAGE FUND II LTD., BANCORP FINANCIAL SERVICES INC., AND MANDATE MANAGEMENT CORPORATION, G4 CONSTRUCTION LTD., BULAND CONSTRUCTION LTD., LIFETIME CONSTRUCTION LTD., BEST CANADIAN HOMES LTD., GILL 22 CONSTRUCTION LTD., 1370395 B.C. LTD., HARJUS CONSTRUCTION LTD., and 1507718 B.C. LTD.

RESPONDENTS

SECOND REPORT OF THE RECEIVER
ALVAREZ & MARSAL CANADA INC.
July 13, 2026

A&M
ALVAREZ & MARSAL

TABLE OF CONTENTS

APPENDICES

1.0 INTRODUCTION

1.1 On July 23, 2025 (the "**Receivership Date**"), upon the application of Institutional Mortgage Capital Canada Inc., in its capacity as general partner of IMC Limited Partnership ("**IMC**"), in the Supreme Court of British Columbia (the "**Court**") Action No. S-253697, Vancouver Registry (the "**Receivership Proceedings**"), the Court granted an order (the "**Receivership Order**") appointing Alvarez & Marsal Canada Inc. ("**A&M**") as receiver and manager (the "**Receiver**") of all of the assets, undertakings and property of Mortise (Scott Road Residential) Holdings Ltd., Mortise (Scott Road Office) Holdings Ltd., Mortise (Scott Road Commercial) Holdings Ltd. (collectively, the "**Nominees**"), and 1048799 B.C. Ltd. ("**104**" and collectively with the Nominees, the "**Debtors**").

1.2 The Nominees and 104 are the legal and beneficial owners, respectively of 8140 120th Street, Surrey, B.C. (the "**Property**").

1.3 On October 1, 2025, the Receiver retained CBRE to market the Property and commenced a sales process.

1.4 On October 20, 2025, the Receiver entered into a contract of purchase and sale (the "**Sale Agreement**") between the Nominees, 104, the Receiver and 0952653 B.C. Ltd. (the "**Purchaser**") for the Property. The Sale Agreement was subsequently amended four times, with the final Fourth Amendment to Purchase and Sale Agreement made January 29, 2026.

1.5 The Sale Agreement with the Purchaser for a purchase price of $21.5 million was the highest and best offer received through the Receiver and CBRE's sale process.

1.6 On February 13, 2026, the Court granted the Approval and Reverse Vesting Order (the "**RVO**"), which approved the sale of the Property pursuant to the Sale Agreement.

1.7 On March 12, 2026, in accordance with the RVO, the Receiver executed and delivered a certificate (the "**Receiver's Certificate**") to the Purchaser, confirming that the sale transaction pursuant to the Sale Agreement (the "**Transaction**") had been completed. The Receiver's Certificate was filed with the Court on March 13, 2026.

1.8 Pursuant to the RVO, upon the delivery of the Receiver's Certificate, the Nominees were discharged from the Receivership Proceedings, 1580006 B.C. Ltd. was incorporated as a new subsidiary of 104 ("**Residual Co**"), and Residual Co. was substituted as a Respondent to the Receivership Proceedings. In addition, in accordance with the RVO, the style of cause for the Receivership Proceedings was amended by deleting the Nominees as Respondent and replacing it with Residual Co as a Respondent.

1.9 Concurrent with the filing of this Second Report of the Receiver (the "**Second Report**"), the Receiver's counsel is filing a notice of application (the "**Discharge Application**") for an order (the "**Discharge Order**") for the following relief, among other things:

a) approval of the activities of the Receiver and the fees of the Receiver and its legal counsel, Norton Rose Fulbright Canada LLP ("**NRF**"); and

b) discharge of the Receiver.

1.10 The Receivership Order, along with select application materials and other documents filed in the Receivership Proceedings (the "**Filed Materials**"), are available for review by interested parties and posted on the Receiver's website (the "**Receiver's Website**") at www.alvarezandmarsal.com/mortisescottroad.

1.11 Capitalized terms not defined in this Second Report are as defined in the applicable Filed Materials. Unless otherwise stated, all monetary amounts contained in this Second Report are expressed in Canadian dollars.

2.0 PURPOSE OF THE SECOND REPORT

2.1 This Second Report has been prepared to provide this Honourable Court and the Debtors' stakeholders with information regarding the following:

a) the activities of the Receiver since the First Report of the Receiver dated February 4, 2026 (the "**First Report**");

b) an update on the Transaction and distributions of the proceeds of sale thereof;

c) the fees and disbursements of the Receiver and NRF during the Receivership Proceedings;

d) the Receiver's final statement of cash receipts and disbursements for the period from July 23, 2025 to the proposed date of discharge; and

e) the Receiver's recommendation in respect of the Discharge Application.

3.0 ACTIVITIES OF THE RECEIVER SINCE THE FIRST REPORT

3.1 Since the date of the First Report, the Receiver's activities have included the following:

Transaction Closing Matters

a) advising NRF with respect to the preparations of the vendor's statement of adjustments;

b) attending to inquiries received by the Purchaser's insurance broker;

c) coordinating a walkthrough of the Property with the Purchaser and the Purchaser's lender;

d) attending various meetings with the property manager, MDC Realty Advisors (BC) Inc. ("**MDC**"), and the Purchaser to coordinate handover of the Property;

e) reviewing and commenting on the Notice to Tenants;

f) reviewing and executing the closing documents prepared by NRF;

g) preparing a list of liabilities to vest in Residual Co.;

h) executing and filing the Receiver's Certificate;

Receiver's Cash Receipts and Disbursements

i) working with MDC to collect monthly rent payments prior to the closing of the Transaction;

j) reviewing invoices and preparing vendor payments for operations;

Statutory Duties

k) updating the Receiver's Website;

l) preparing the GST return and remitting the GST payment for the reporting period July 24, 2025 to December 31, 2025; and

m) preparing this Second Report.

4.0 TRANSACTION UPDATE

4.1 As noted earlier in this Second Report, on March 12, 2026, the Transaction closed (the "**Closing Date**") and the Receiver's Certificate was filed with the Court certifying that the purchase price for the Purchased Property had been paid, the conditions to closing had been satisfied or waived by the Receiver and the Purchaser, and the Transaction had been completed to the satisfaction of the Receiver.

4.2 The net proceeds from the Transaction received after adjustments was $21,397,858.37. In accordance with the RVO, the following parties and amounts were paid from the net sales proceeds:

a) the City of Surrey: $288,348.28 for outstanding property taxes including any interest and penalties;

b) the City of Surrey: $15,103.00 for utilities;

c) CBRE: $112,875.00 for their real estate commission; and

d) IMC: $20,981.534.09 on account of Mortgage CB313466 and Assignment of Rents CB313467.

4.3 The Receiver notes that the payment to IMC per paragraph 4.2d) was insufficient to repay the amount owing to IMC in full, and at the time of the payment there was a shortfall to IMC of approximately $900,000.

5.0 PROFESSIONAL FEES AND DISBURSEMENTS

5.1 Summarized in the table below are the professional fees and disbursements of the Receiver and NRF for the period from July 23, 2025 to the proposed date of discharge:

Mortise Scott Road et al.
Summary of Professional Fees and Disbursements of the Receiver and its Legal Counsel
For the period July 23, 2025 to Discharge
$CAD

Firm	Fees	Disbursements	Taxes	Total
Alvarez & Marsal Canada Inc.	$ 228,601.50	$ 1,063.07	$ 11,483.25	$ 241,147.82
Estimate to discharge	15,000.00	-	750.00	15,750.00
Total Alvarez & Marsal Canada Inc.	**243,601.50**	**1,063.07**	**12,233.25**	**256,897.82**
Norton Rose Fulbright Canada LLP	194,299.00	2,634.75	23,505.04	220,438.79
Estimate to discharge	7,500.00	-	900.00	8,400.00
Total Norton Rose Fullbright Canada LLP	**201,799.00**	**2,634.75**	**24,405.04**	**228,838.79**
Total professional fees to discharge	**$ 445,400.50**	**$ 3,697.82**	**$ 36,638.29**	**$ 485,736.61**

5.2 The total fees and disbursements of the Receiver for the period from July 23, 2025 to April 30, 2026, were $241,147.82 (including taxes). A summary of the Receiver's fees and disbursements is attached as Appendix A. Statements of account of the Receiver are attached as exhibits to the Affidavit #1 of Anthony Tillman to be filed in conjunction with the Discharge Application. A summary of the Receiver's activities during the Receivership Proceedings are referred in the First Report and Second Report.

5.3 The total fees and disbursements of NRF, as counsel of the Receiver, for the period from July 23, 2025 to May 31, 2026, were $220,438.79 (including taxes). A summary of NRF's fees and disbursements is attached as Appendix B. Summary pages of NRF's statements of accounts for the Receivership Proceedings are attached as exhibits to the Affidavit #1 of Katie Mak to be filed in conjunction with the Discharge Application.

5.4 The Receiver and its legal counsel estimate that their cost to the completion of these Receivership Proceedings shall be approximately $15,750.00 and $8,400.00 (inclusive of taxes), respectively. If professional fees total less than the estimates above, such that the Receiver holds surplus funds at the conclusion of the Receivership Proceedings, the Receiver will pay those surplus funds to IMC.

5.5 The Receiver is of the view that the fees and disbursements of the Receiver and their counsel to date and the estimates to completion of these Receivership Proceedings are fair and reasonable in the circumstances. In the Receiver's opinion the professional fees incurred in the Receivership Proceedings are comparable to receivership mandates of similar scale and complexity.

5.6 The hourly rates charged by the Receiver are consistent with the average hourly rates billed by the Receiver's firm on its other engagements and, to the Receiver's knowledge, consistent with other insolvency and restructuring firms of comparable size and scale engaged on similar mandates.

5.7 The Receiver has reviewed the invoices rendered by NRF and believes them to be reasonable and appropriate in the circumstances. The legal services provided were necessary for the Receiver to fulfil their professional obligations in the Receivership Proceedings.

5.8 The Receiver respectfully requests that this Honourable Court approve the accounts of the Receiver and their counsel, NRF. The Receiver is not aware of any objection to the professional fees by the senior secured creditor, IMC.

6.0 RECEIVER'S STATEMENT OF RECEIPTS AND DISBURSEMENTS

6.1 Summarized in the table below is the Receiver's Final Statement of Receipts and Disbursements estimated for the period July 23, 2025 to the proposed discharge date:

Mortise Scott Road et al. Receiver's Interim Statement of Cash Receipts and Disbursements For the period from July 23, 2025 to Discharge		
Receipts		
Pre-filing bank balances	$	16,604.11
Rental income		570,920.60
GST collected		27,861.47
Interest on deposits		2,331.67
Other receipts		11,958.73
Total Receipts	**$**	**629,676.58**
Disbursements		
Repairs and maintenance	$	46,390.38
Property management		14,912.20
Insurance		26,084.01
Professional fees - Receiver, counsel		440,263.35
Professional fees to discharge - Receiver, counsel		23,025.00
Other disbursements		25,518.58
GST paid		26,725.72
GST remitted		8,384.20
Total Disbursements	**$**	611,303.44
Cash on hand in trust (Holdback)	**$**	**18,373.14**

6.2 During the Receivership Proceedings, cash inflows were $630,000 which comprised:

a) approximately $17,000 was collected from the Debtors' pre-receivership bank account;

b) rental income and the corresponding GST of approximately $599,000 was collected for the period from August 2025 to February 2026 and for prorated amounts for March 2026; and

c) bank interest and other receipts of approximately $14,300, including a pro-rated insurance refund of $11,600.

6.3 During the Receivership Proceedings, cash outflows were $611,000, which comprised:

a) repairs and maintenance costs of approximately $46,000 which primarily comprised expenses incurred for HVAC repairs and flood restoration;
b) property management fees of approximately $15,000;
c) insurance premiums of $26,000 for policy coverage for the period November 2, 2025 to November 1, 2026 (coverage was terminated on Closing Date);
d) professional fees of approximately $463,000 to the Receiver and its counsel, NRF;
e) other property management and miscellaneous disbursements of approximately $26,000; and
f) corresponding GST paid for disbursements and GST remitted totalling approximately $31,100.

6.4 The Receiver is proposing to make a holdback (the "**Holdback**") of the remaining funds in trust upon its discharge (subsequently discussed), to cover potential outstanding or unanticipated obligations under the Receivership Proceedings. Any remaining Holdback after the three-month period will be paid to IMC thereafter.

7.0 PROPOSED DISCHARGE OF THE RECEIVER

7.1 As at the date of this Second Report, the Receiver confirms that substantially all of the activities related to the administration of these Receivership Proceedings have been completed and believes it is in a position to be discharged as Receiver in the Receivership Proceedings.

7.2 The Receiver notes that, upon this Honourable Court granting the Discharge Order:

a) the Receiver's Charge and the Receiver's Borrowing Charge (both defined in the Receivership Order) shall be released and discharged;
b) these Receivership Proceedings shall be terminated; and
c) Alvarez & Marsal Canada Inc. shall be released and discharged from any and all liability while acting in its capacity as Receiver, save and except for any liability resulting from gross negligence of willful misconduct.

8.0 RECOMMENDATIONS

8.1 Based on the information and reasons set out in this Second Report, the Receiver respectfully recommends that this Honourable Court:

a) approve the activities of the Receiver and the fees of the Receiver and NRF; and
b) grant the Discharge Order.

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All of which is respectfully submitted to this Honourable Court this 13th day of July, 2026.

Alvarez & Marsal Canada Inc.,
in its capacity as Receiver of 1048799 B.C. Ltd.
and not in its personal capacity

Per: Anthony Tillman
Senior Vice President

Per: Pinky Law
Vice President

Appendix A – Summary of the Receiver's Fees and Disbursements for the Period from July 23, 2025 to April 30, 2026

Mortise Scott Road et al.
Summary of Professional Fees and Disbursements of the Receiver by Account
For the period July 23, 2025 - April 30, 2026

Invoice Number	Invoice Date	For the period	Fees	Disbursements	GST	Total
Alvarez & Marsal Canada Inc.						
1	09-Sep-25	Jul 23 to Aug 31, 2025	$ 69,078.50	$ 530.18	$ 3,480.43	$ 73,089.11
2	21-Oct-25	Sep 1 to Sep 30, 2025	30,502.50	407.36	1,545.50	32,455.36
3	10-Oct-25	Oct 1 to Oct 31, 2025	23,923.50	25.00	1,197.43	25,145.93
4	11-Dec-25	Nov 1 to Nov 30, 2025	14,143.50	-	707.18	14,850.68
5	12-Jan-26	Dec 1 to Dec 31, 2025	8,681.00	8.61	434.48	9,124.09
6	18-Feb-26	Jan 1 to Jan 31, 2026	32,412.50	64.86	1,623.87	34,101.23
7	09-Mar-26	Feb 1 to Feb 28, 2026	30,374.50	-	1,518.73	31,893.23
8	01-Apr-26	Mar 1 to Mar 31, 2026	8,791.00	27.06	440.90	9,258.96
9	10-May-26	Apr 1 to Apr 30, 2026	10,694.50	-	534.73	11,229.23
			$ 228,601.50	**$ 1,063.07**	**$ 11,483.25**	**$ 241,147.82**

Mortise Scott Road et al.
Summary of Professional Fees and Disbursement of the Receiver by Staff
For the period July 23, 2025 - April 30, 2026

Name	Position	Hourly Rate	Hours (*)		Total Fees
Todd Martin	Senior Vice President	$ 1050	1.00	$	1,050.00
Anthony Tillman	Senior Vice President	960 - 1,000	47.50		46,164.00
Pinky Law	Vice President	760 - 785	120.30		92,478.00
Ryan Wu	Senior Associate	465 - 500	178.20		85,187.00
Monica Cheung	Executive Assistant	215 - 225	16.90		3,722.50
Total professional fees			**363.90**	**$**	**228,601.50**
Average hourly rate			**$ 628.20**		
Disbursements					
Courier and postage					531.14
Mileage and parking					131.93
Advertisements					-
Website maintenance					400.00
Total disbursements				**$**	**1,063.07**
GST					11,483.25
Total fees, out of pocket expenses and tax				**$**	**241,147.82**

Appendix B – Summary of the Receiver's Counsel's Fees and Disbursements for the Period from July 23, 2025 to May 31, 2026

Mortise Scott Road et al.
Summary of the Receiver's Legal Counsel's Professional Fees and Disbursements by Account
For the period July 23, 2025 to May 31, 2026

Invoice Number	For the Period Ending	Fees	Disbursements	GST	PST	Total
Norton Rose Fullbright Canada LLP						
9090794890	Jul 31, 2025	$ 6,492.00	$ 125.00	$ 330.85	$ 463.19	$ 7,411.04
9090798948	Aug 31, 2025	6,137.00	23.62	308.03	429.59	6,898.24
9090808913	Sep 30, 2025	34,664.00	159.43	1,741.17	2,426.48	38,991.08
9090818051	Oct 31, 2025	29,114.50	208.91	1,466.18	2,038.02	32,827.61
9090823311	Nov 30, 2025	7,088.50	89.49	358.90	496.20	8,033.09
9090837384	Dec 31, 2025	7,339.50	92.00	371.58	513.77	8,316.85
9090842930	Jan 31, 2026	19,134.50	20.00	957.73	1,339.42	21,451.65
9090853519	Feb 28, 2026	36,250.00	1,221.33	1,869.57	2,592.83	41,933.73
9090857810	Mar 31, 2026	34,982.00	544.19	1,776.31	2,448.74	39,751.24
9090868539	April 30, 2026	459.00	54.00	22.95	32.13	568.08
9090879440	May 31, 2026	12,638.00	96.78	636.74	884.66	14,256.18
		$ 194,299.00	**$ 2,634.75**	**$ 9,840.01**	**$ 13,665.03**	**$ 220,438.79**