

File No. BK 22-01-05989

**THE QUEEN'S BENCH**  
**WINNIPEG CENTRE**  
**in Bankruptcy and Insolvency**

IN THE MATTER OF:       **THE BANKRUPTCY OF K-STONE  
CONSTRUCTION INC.**

**FILED MAR 14 2022**

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**SUPPLEMENTARY AFFIDAVIT OF COLLIN LeGALL  
AFFIRMED MARCH 9, 2022**

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(File No. 40452/4)

**THE QUEEN'S BENCH**  
**WINNIPEG CENTRE**  
**in Bankruptcy and Insolvency**

IN THE MATTER OF:           **THE BANKRUPTCY OF K-STONE  
CONSTRUCTION INC.**

**SUPPLEMENTARY AFFIDAVIT OF COLLIN LeGALL**

I, COLLIN LeGALL, of the City of Winnipeg, in the Province of  
Manitoba, Licensed Insolvency Trustee,

AFFIRM AND SAY THAT:

1. I am a Licensed Insolvency Trustee with Lazer Grant Inc. (the  
"Trustee"), the trustee of the estate of K-Stone Construction Inc.,  
bankrupt, and, as such, I have personal knowledge of the facts and  
matters hereinafter deposed to by me, except where same are stated to  
be based upon information and belief, in which case I do verily believe  
them to be true.

2. This Affidavit is further to my Affidavit affirmed February 10, 2022 ("**my Prior Affidavit**").

3. As indicated at paragraph 3 of my Prior Affidavit, K-Stone Construction Inc. ("**K-Stone**") filed an assignment in bankruptcy on February 4, 2022.

4. Since the date of K-Stone's bankruptcy, Schinkel Properties ("**Schinkel**"), at the direction of the Trustee, has continued to manage the strip mall known as "Oak's Plaza", located at 449 Main Street in the Town of Oakbank, Manitoba ("**Oak's Plaza**"). The management of Oak's Plaza will continue in this manner pending receipt of this Honourable Court's advice and direction as to the Trustee's proposed liquidation of Oak's Plaza.

5. Attached hereto and marked as **Exhibit "A"** is Schinkel's statement of revenue and expenses for Oak's Plaza for the month of January 2022 (the "**January Statement**"). As indicated in the January Statement, Oak's Plaza generated a profit of \$11,870.76 during the month of January 2022, with revenue totaling \$33,882.61, and expenses totaling \$22,011.85.

6. As at February 28, 2022, the estate of The Oaks Limited Partnership, bankrupt (the "**Partnership**"), had funds in the amount of \$91,901.75 on deposit in an account at Steinbach Credit Union Limited (the "**SCU Account**"). The funds in the SCU Account fluctuate from time to time, as rent and other revenue is received and as day-to-day maintenance expenses and other costs are incurred by Oak's Plaza.

7. The Trustee is actively taking steps to maximize occupancy and revenues at Oak's Plaza, which, in turn, will increase profit and the market value of Oak's Plaza, thereby benefitting all creditors of the Partnership. In particular, the Trustee, with the assistance of a leasing agent, is currently searching for tenants to fill two vacant units at Oak's Plaza. The first of the two vacancies is referenced in paragraph 12 of my Prior Affidavit. The second vacancy is a unit that was previously occupied by K-Stone and a number of entities related thereto. The Trustee proposes to subdivide that unit in two, and to rent a portion of it to the existing tenants (other than K-Stone), and the balance to a brand new tenant.

8. In the event that these vacancies are filled, the Partnership may be required to pay a commission to the leasing agent, and may also be

asked to fund leasehold improvements to the leased spaces (on terms to be negotiated with the prospective tenants).

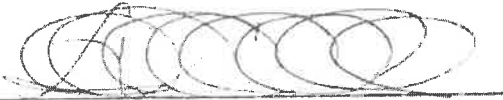
9. In order to achieve the high occupancy rate that Oak's Plaza currently enjoys, the Partnership, prior to the bankruptcy of K-Stone, was required to perform certain repairs, updates and improvements to Oak's Plaza (which had not been substantially renovated since the time of its construction). As further detailed in paragraphs 20 and 21 of my Prior Affidavit, the Partnership borrowed funds from Keystone Developments 1978 Ltd. ("**Keystone**") and S. B. Builders Ltd. ("**S.B. Builders**") in order to fund those necessary repairs and other operating expenses.

10. The loans from Keystone and S.B. Builders to K-Stone are unsecured. Pursuant to Article III(1) of the Partnership Agreement (as defined in paragraph 9 of my Prior Affidavit), K-Stone is prohibited from mortgaging or otherwise encumbering the assets of the Partnership, including Oak's Plaza, without the prior written consent of at least two thirds in interest of the limited partners of the Partnership. I am advised by Susan DeLuca, an officer of K-Stone, and do verily believe, that, prior to K-Stone's bankruptcy, Keystone and S.B. Builders were not prepared to loan any more funds to the Partnership. The monthly revenue that Oak's Plaza generated was not sufficient to cover the anticipated costs

associated with the continued management of Oak's Plaza over the long term.

11. I make this Affidavit *bona fide* in support of the Trustee's motion for advice and direction respecting the liquidation of Oak's Plaza.

AFFIRMED BEFORE ME  
at the City of Winnipeg,  
in the Province of Manitoba  
this 9<sup>th</sup> day of March, 2022.

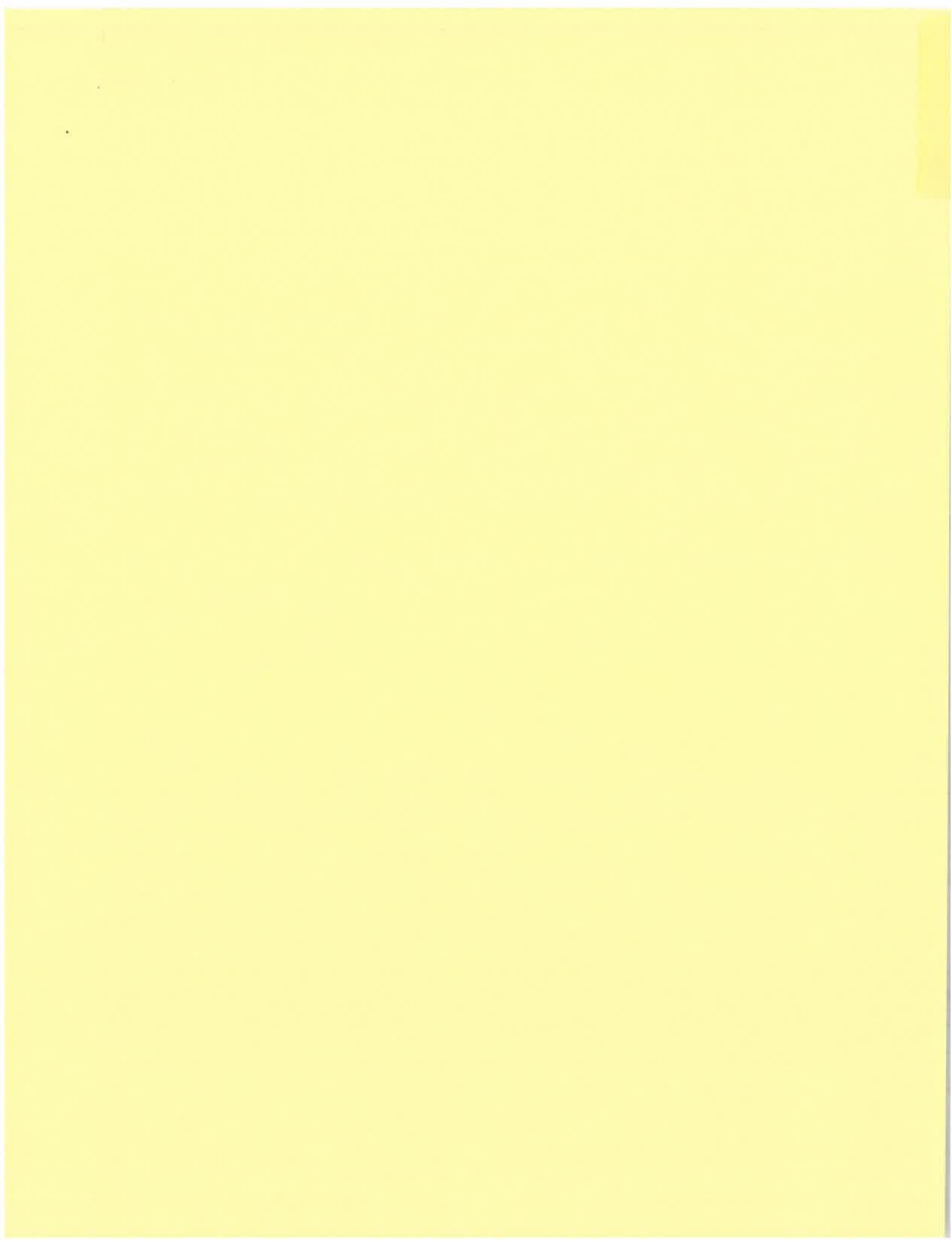


A Notary Public  
in and for the Province of Manitoba

*My Commission expires 17 Feb 2024*

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COLLIN LEGALL



This is **Exhibit "A"** referred to in the Supplemental Affidavit of **COLLIN LeGALL** affirmed before me in the City of Winnipeg, in the Province of Manitoba, this 9<sup>th</sup> day of March, 2022.



A Notary Public in and for the  
Province of Manitoba. *my*  
*Commission expires 17 Feb 2024*



\* Amounts in cad  
Oaks Plaza (oakplaz)

**Statement (12 months)**

Period = Jan 2022  
Book = Accrual

	Jan 2022	Total
<b>Revenue</b>		
Rental Income - Commercial	23,526.40	23,526.40
Common Area Recovered	10,136.24	10,136.24
Signage Rental Revenue	215.00	215.00
Interest Income - Bank	4.97	4.97
<b>Total Revenue</b>	<b>33,882.61</b>	<b>33,882.61</b>
<b>Expenses</b>		
<b>Snow Removal</b>		
Snow Removal - Contract	1,563.00	1,563.00
<b>Total Snow Removal</b>	<b>1,563.00</b>	<b>1,563.00</b>
<b>Repair &amp; Maintenance</b>		
Repair & Maintenance - Common Area	852.70	852.70
Repair & Maintenance - Landlord	545.70	545.70
Repair & Maintenance - Tenant	764.52	764.52
HVAC	856.00	856.00
Electrical	441.91	441.91
Common Area Cleaning	2,000.00	2,000.00
<b>Total Repair &amp; Maintenance</b>	<b>5,460.83</b>	<b>5,460.83</b>
<b>Utilities</b>		
Utilities - Hydro	1,776.34	1,776.34
Utilities - Natural Gas	1,252.90	1,252.90
Telephone	60.98	60.98
<b>Total Utilities</b>	<b>3,090.22</b>	<b>3,090.22</b>
<b>Insurance</b>		
Total Insurance	2,364.42	2,364.42
<b>Administrative &amp; General</b>		
Management Fees	2,364.42	2,364.42
Property Taxes	1,703.80	1,703.80
Interest & Bank Charges	3,361.58	3,361.58
Professional Fees - Commission	13.00	13.00
<b>Total Administrative &amp; General</b>	<b>4,455.00</b>	<b>4,455.00</b>
<b>Total Expenses</b>	<b>9,533.38</b>	<b>9,533.38</b>
	<b>22,011.85</b>	<b>22,011.85</b>

\* Amounts in cad  
Oaks Plaza (nakspiez)

**Statement (12 months)**

Period = Jan 2022  
Book = Accrual

Profit/Loss

Jan 2022  
11,870.76

Total  
11,870.76