

Division No.: 01 - Montreal  
Court No.: 500-11-060843-220  
Estate No.: 41-3010163

IN THE MATTER OF THE BANKRUPTCY OF :

10542113 CANADA INC. & FLORA I LIMITED PARTNERSHIP

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TRUSTEE'S REPORT ON HER PRELIMINARY ADMINISTRATION

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SECTION A : BACKGROUND

1. On March 30, 2022, MNP Ltd. was appointed as Receiver (the "Receiver") to the assets of 10542113 Canada Inc. ("1054") and Flora I Limited Partnership ("Flora") (jointly the "Debtors"), pursuant to section 243 of the *Bankruptcy and Insolvency Act* (the "BIA"), by an Order Appointing a Receiver (the "Receivership Order") rendered by the Honorable Justice Philippe Bélanger, of the Superior Court of Quebec for the District and the Division of Montreal (the "Court") in file number 500-11-060843-220 (the "Receivership Proceedings"). A copy of the Receivership Order, the Receiver's reports and other documents related to the Receivership Proceedings can be consulted on our website at: [Flora I Ltd and 10542113 Canada Inc | MNP LTD \(mnpdebt.ca\)](https://www.mnpdebt.ca).
  2. Flora was a limited partnership that was established for the purpose of developing residential properties (the "Flora Project") on lot 5 599 420 of the cadastre of Quebec, land registration division of Montreal in the borough of Lachine (the "Flora Property").
  3. 1054 was the general partner of Flora and its sole Director is Mr. Paolo Catania (the "Director").
  4. On November 6, 2023, the Honourable Martin F. Sheehan, J.S.C. granted the Order on Application to Expand the Powers of the Receiver ("Approval Order") and authorized the Receiver to make an assignment of the property of the Debtors pursuant to section 49 of the BIA and to initially appoint MNP Ltd. as Trustee to the bankruptcy of the Debtors (the "Trustee"), subject to the confirmation of the creditors.
  5. Consequently, as a court-appointed and authorized Receiver per the Approval Order, MNP Ltd. assigned both 1054 and Flora into bankruptcy on November 15, 2023.
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## SECTION B Assets

6. Debtors' assets are as follows:

Description of the assets	Estimated value	Realization to date	Notes
	(\$)	(\$)	
Flora Property	20,000,000	∅	1
Inventory	172,001	∅	2
	<u>20,172,001</u>	<u>∅</u>	

Notes:

1. The Flora Project was to include three condo towers (A, B, C) for a total of 181 units. Tower A is now at its final height and the exterior is almost complete. Only the first few floors of Tower B have been completed and Tower C remains to be built.
2. There are materials and supplies located at the premises of third parties. The ownership of same will need to be determined.

7. All of the assets and proceeds will be distributed in the Receivership Proceedings.

## SECTION C Liabilities

8. The known liabilities of the Debtors, on a consolidated basis, are as follows:

	As per the Statement of affairs	Proofs of claim received to date
	(\$)	(\$)
<b>Secured creditors</b>		
Parties holding legal hypothecs of construction against the Flora Property	4,769,646	737,380
Romspen Investment Corp. ("Romspen")	39,654,262	25,000,000
Aviva Insurance Company of Canada ("Aviva")	6,459,236	6,503,825
HRM Projet Villanova Inc. ("HRM")	7,000,000	3,739,178
	<u>57,883,144</u>	<u>35,980,383</u>
<b>Unsecured creditors</b>	<u>1,476,947</u>	<u>19,522,174</u>
	<u>59,360,091</u>	<u>55,502,557</u>

## SECTION D Secured claims

9. The secured claims charging the assets of the Debtors are as follows (Note 1):

Secured creditors	Estimated claim (\$)	Nature of security	Note
Parties holding legal hypothecs of construction against the Flora Property	4,769,646	Legal hypothecs (construction liens) ranking above conventional hypothecs	2
Romspen Investment Corp.	39,654,262	Senior ranking conventional hypothec (the "Romspen Hypothec")	3
Aviva Insurance Company of Canada ("Aviva")	6,459,236	Conventional hypothec ranking junior to the Romspen Hypothec (the "Aviva Hypothec");	4
HRM Projet Villanova Inc. ("HRM")	7,000,000	Conventional hypothec ranking junior to the Romspen Hypothec and the Aviva Hypothec.	

### Notes:

- Any mention of rank of security is based solely on the publications and information appearing at the index of immovables and in no way constitutes or is to be construed, used or interpreted as an opinion on rank or the validity of any security.
- Romspen has subrogated various parties holding legal hypothecs of construction against the Flora Property for an amount of \$14,435,417. These remaining amounts are the legal hypothecs published against the Flora Property that have not been subrogated by Rompen.
- Romspen's secured claim includes the \$14,435,417 for subrogated secured claims as per note 2 as well as the interim financing ("DIP") as approved by the court Order. The amount received to date is \$1,300,000.
- Amounts paid by Aviva to parties who have provided a deposit on a unit in the Project (known as a *promettant acheteur*).

## SECTION E Conservatory and protection measures

- During the Receivership Proceedings, the Receiver took possession and undertook all required conservatory measures in respect of the Debtors' assets.
- The Trustee has some of the books and records found on the server of the Debtor.
- The Trustee has not continued the operations of the Debtor's business.
- The Trustee has opened a trust account at the Bank of Montreal.

## SECTION F Legal proceedings

- The Trustee re-issued seven (7) Notices of Stay of Proceedings, already issued in Receivership, to entities that instituted proceedings against the Debtors.
- The Trustee appointed Kugler Kandestin LLP represented by Jeremy Cuttler as legal counsel to the Estate, subject to the confirmation of the inspectors.

16. In the course of the Receivership Proceedings, MNP Ltd., in its capacity as Receiver to the assets of the Debtors, obtained a legal opinion from independent counsel, Kugler Kandestin LLP represented by Me Jeremy Cuttler, confirming the validity and enforceability of the security affecting the Debtors' assets. This opinion satisfies the Trustee's obligation under section 13.4 of the BIA.

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**SECTION G      Anticipated realization and projected dividend**

17. The anticipated realization is insufficient to pay all of the secured creditors in full, therefore there is no anticipated dividend to the unsecured creditors.

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**SECTION H      Reviewable transactions and preferential payments**

18. The Trustee will review the books and records of the Debtors. If any reviewable transactions or preferential payments are identified, the Trustee will report to the inspectors, if applicable.

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**SECTION I      Other subjects**

19. The Trustee published the notice of bankruptcy in the Journal de Montréal on December 2, 2023.

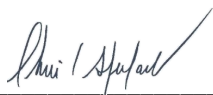
20. The Trustee has received a deposit from a third party for her fees and disbursements.

21. The Trustee is also acting as agent for the secured creditor, Romspen Investment Corp. As mentioned in paragraph 16 above, per the requirements of section 13.4 of the BIA the Trustee obtained a legal opinion confirming the validity and enforceability of Romspen's security.

MONTRÉAL, this 15<sup>th</sup> day of December 2023.

**MNP LTD**

In its capacity as Trustee in the bankruptcy of  
10542113 Canada Inc. and Flora I Limited Partnership  
and not in its personal or corporate capacity



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Sheri L. Aberback, CIRP, LIT, CFE  
Senior Vice President