

CANADA

Province of Ontario

Division No.: 09- Toronto

Court No & Estate No.'s: 32-3054264, 32-3054269, 31-3054341, 31-3054305, 32-3054239, 32-3054259, 35-3054274, 31-3054285, 31-3054335

TRUSTEE'S PRELIMINARY REPORT

**IN THE MATTER OF THE CONSOLIDATED BANKRUPTCIES OF
INDEX HOLDING GROUP INC., INDEX INTERNATIONAL INC., INDEX FOODS
INC., 2700774 ONTARIO INC., 11030434 CANADA INC., 2775290 ONTARIO INC.,
421 WHARNCLIFFE LTD., 11030418 CANADA INC., 2737332 ONTARIO INC.
(COLLECTIVELY THE "INDEX GROUP" OR THE "COMPANIES")
OF THE CITY OF MISSISSAUGA IN THE PROVINCE OF ONTARIO
IN THE PROVINCE OF ONTARIO**

Licensed Insolvency Trustee ("Trustee"): MNP Ltd.

The information contained in this Preliminary Report has been prepared from the available books and records of the Company (as such term is later defined) and discussions with the Management. These books and records have not been reviewed or otherwise audited by the Trustee and, consequently, the Trustee expresses no opinion whatsoever with respect to the validity, the exactness or the reliability of the information taken from those records contained herein.

SECTION A – BACKGROUND

On May 8, 2023, MNP Ltd. ("MNP") was appointed as the receiver and manager (in such capacities the "Receiver") without security, of the assets, undertakings and properties (the "Property") of the Index Group by order (the "Appointment Order") of the Ontario Superior Court of Justice (Commercial List) (the "Court").

The amount of \$8,141,405.08 was owing by the Index Group to Canadian Western Bank ("CWB"), who was concerned that it would suffer a shortfall in the recovery of that indebtedness after monetization of the Property. The Receiver has obtained an opinion from its independent legal counsel, Dickinson Wright LLP ("DW"), that subject to the usual qualifications and assumptions, CWB holds valid, enforceable and first ranking security over all of the Property.

The Companies include either federally or provincially incorporated entities that operated six (6) Popeye's Louisiana Kitchen, two (2) Denny's restaurant franchises and had commenced construction of three (3) Denny's franchise restaurants in and around the Greater Toronto Area. At the time of the Receiver's appointment, the leases to three of the Companies' Popeye's locations had been terminated by the respective landlords.

421 Wharncliffe Ltd. was the registered owner of a vacant lot located at 421 Wharncliffe Road South, London, Ontario that was sold by Receiver in a Court approved transactions.

The Receiver filed five (5) reports to Court in these proceedings all of which along with other pertinent publicly available documents are posted on the MNP's dedicated website www.mnpdeb.ca/en/corporate/corporate-engagements/index-group (the "Webpage").

As set out in the Receiver's Fifth Report to Court as at January 31, 2024, the Receiver held \$1,657,301 net proceeds from the realizations of substantially all the Property as compared to CWB's secured debt of approximately \$8.1 million plus accruing interest and costs.

On February 20, 2024, the Receiver obtained an order of the Court (the "**Bankruptcy Order**") that among other things, authorized the Receiver to make assignments in bankruptcy on behalf of the Companies and act as trustee in bankruptcy of each of the Companies. Further that the bankruptcies be administered as a single bankruptcy.

On March 11, 2024, the Receiver filed assignments in bankruptcy for each of the Companies, which was accepted by the Office of the Superintendent of Bankruptcy Canada and which became effective on March 22, 2024 ("**Date of Bankruptcy**"), MNP (in such capacities the "**Trustee**") was appointed as the Licensed Insolvency Trustee of the Companies' bankruptcy estates, subject to affirmation by the creditors at the first meeting of creditors ("**FMOC**").

On March 18, 2024, the Notice to Creditors advising of the bankruptcy and the FMOC, in the form prescribed by the Bankruptcy Order, was sent to all known creditors of the Company. Pursuant to subsection 102(4) of the BIA, the Notice of Bankruptcy was published in the newspaper on March 19, 2024. The creditors package that is normally mailed to known creditors, as mandated by the Court, was not mailed to known creditors and only posted on the Webpage.

SECTION B – PRELIMINARY EVALUATION OF ASSETS AND SECURITY INTERESTS

Security Interests

Shortly after its appointment, the Receiver has obtained an opinion from its independent legal counsel, DW, that subject to the usual qualifications, CWB holds valid, enforceable and first ranking security over all of the Property.

Assets Realizations

The Receiver has substantially completed realizations of the Companies' assets and currently holds \$1.7 million, all of which is subject to statutory priority claims and CWB security interest.

SECTION C – BOOKS AND RECORDS

In its capacity as Receiver, MNP only recovered a very limited amount of the Companies' books and records. As authorized by the Court, the Receiver has obtained Production Orders against the Companies' principal, Abdul Muqet ("**Muqet**") as well as conducting examinations of Muqet (the "**Examinations**"). To-date these activities have not resulted in the delivery of any additional of the Companies' financial records.

SECTION D – CONSERVATORY AND PROTECTIVE MEASURES

As set out above, in its capacity as Receiver, MNP took possession and control of all of the Property and realized on the Property as authorized by the Court.

SECTION E – PROVABLE CLAIMS

Attached as Schedule “A” is a summary of the Companies’ potential claims as set out on their respective Statement of Affairs. As of 5:00 pm on April 2, 2024, one Proof of Claim was filed that being from CWB in the amount of \$1,005,645 unsecured and \$7,520,314 secured. The Trustee has not determined the admissibility of the above-noted claim for dividend purposes.

SECTION F- LEGAL PROCEEDINGS, TRANSFERS AT UNDER-VALUE AND PREFERENCE PAYMENTS

Transfers at Under-Value and Preference Payments

As set out in the Receiver’s Third, Fourth and Fifth Reports to Court, with the approval of the Court, various payments/advances made by the Companies to various equipment suppliers, contractors, vendors and other parties were investigated. The ongoing Examinations include questions to Muqet on these transactions to which very limited responses. The Trustee intends to review these payments/advances and other pre-receivership transactions initiated by Muqet with the Inspector(s), if appointed, to consider next steps to be taken by the Trustee.

SECTION G - ANTICIPATED REALIZATIONS AND PROJECTED DISTRIBUTION

For reasons set out above, CWB will suffer a shortfall on its security. Accordingly, there will not be a distribution to any creditors whose claims are subordinate to CWB.

SECTION H – OTHER MATTERS

N/A

Dated at Toronto, Ontario, this 2nd day of April, 2024.

MNP LTD.

***Trustee of the Bankrupt Estate of
the Index Group
and not in its personal or corporate capacity***

Per:



Jerry Henechowicz, CIRP, LIT, CPA, CA
SENIOR VICE-PRESIDENT

**Appendix "A" to the Preliminary Report
Claims as per Statement of Affairs Date March 20, 2024**

Entity	421 Wharncliffe Ltd.	2700774 Ontario Inc.	2737332 Ontario Inc.	2775290 Ontario Inc.	11030418 Canada Inc.	11030434 Canada Inc.	Index Foods Inc.	Index Holding Group Inc.	Index International Inc.
Secured	8,141,405	8,187,707	8,141,405	8,185,901	8,183,677	8,141,405	8,295,557	8,141,406	1
Unsecured	3	342,139	3	14	3	19	13	3	8,375,151
Total	8,141,408	8,529,846	8,141,408	8,185,915	8,183,680	8,141,424	8,295,570	8,141,409	8,375,152