

CANADA
Province of Ontario
Division No.: 09- Toronto
Court No: 31-2889543
Estate No: 31-2889543

TRUSTEE’S PRELIMINARY REPORT
IN THE MATTER OF THE BANKRUPTCY OF
MBOUTIQUE INC.
OF THE CITY OF TORONTO
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

Mboutique Inc. (“**MBoutique**” or the “**Company**”) operated a retail clothing business with multiple leased locations at Square One Mall, Vaughan Mills Shopping Centre Mapleview Mall, and Sherway Gardens Mall in the Greater Toronto Area (collectively the “**Stores**”). Its head office was located at 496 Gilbert Avenue, York, Ontario (the “**Premises**”).

On 29th day of November 2022, Mboutique filed an assignment in bankruptcy, which was accepted by the Office of the Superintendent of Bankruptcy Canada and became effective on November 30, 2022 (“**Date of Bankruptcy**”), MNP Ltd. (“**MNP**” or the “**Trustee**”) was appointed as the Licensed Insolvency Trustee of MBoutique’s bankruptcy estate, subject to affirmation by the creditors at the first meeting of creditors (“**FMOC**”).

On December 2, 2022, the Notice to Creditors advising of the bankruptcy and the FMOC, a list of creditors and a proof of claim form, along with a proxy, were sent to all known creditors of the Company. Pursuant to subsection 102(4) of the BIA, the Notice of Bankruptcy was published in the *Toronto Sun* newspaper on December 6, 2022.

SECTION B – PRELIMINARY EVALUATION OF ASSETS AND SECURITY INTERESTS

Security Interests

A search of the *Personal Property Security Act* conducted on October 26, 2022 (the “**PPSA**”) revealed that there were no secured liabilities or liens registered against MBoutique.

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Cash at bank

As set out on the Company's Statement of Affairs dated November 29, 2022 (the "SOA"), its primary asset represents the cash remaining on deposit of approximately \$500.00 at the Date of Bankruptcy. The Trustee has taken steps to obtain these funds from the Company's bank.

Office Furniture and Leasehold improvements

The Company's office furniture and leasehold improvement was abandoned at the Stores since the expected realization costs would exceed proceeds.

SECTION C – BOOKS AND RECORDS

MNP is in the process of taking possession and control of available books and records of the Company which are necessary for the administration of these proceedings.

SECTION D – CONSERVATORY AND PROTECTIVE MEASURES

As noted above, the Receiver has taken steps to convert MBoutique's bank account to deposit only and is awaiting remittance of the balance on hand. With respect to the Stores, based on appraisals of the forced liquidation value of the Stores and contents, that it would not be economical to remove the contents or liquidate on site. Accordingly, the Trustee did not take possession and control of the Stores.

SECTION E – PROVABLE CLAIMS

The claims of creditors as per the SOA and the claims filed as at 10:00 a.m. on December 14, 2022, are summarized below:

	<u>SOA</u>	<u>Claims as Filed</u>
Secured	Nil	Nil
Preferred	\$ 287,847	Nil
Unsecured	314,394	Nil
Contingent	Nil	Nil
	<hr/> \$ 602,241 <hr/>	<hr/> Nil <hr/>

The Trustee will determine the admissibility of the above-noted claim for dividend purposes, as necessary.

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

Legal Proceedings

N/A

Transfers at Under-Value and Preference Payments

The Trustee will discuss any matters which require the attention of the creditors and the Inspector(s), if appointed at the FMOc.

SECTION G - ANTICIPATED REALIZATIONS AND PROJECTED DISTRIBUTION

In light of the nominal realizations as compared to the Trustee's likely fees and disbursements, the Trustee does not anticipate a distribution to unsecured creditors.

SECTION H – OTHER MATTERS

The Trustee's fees and disbursements have been guaranteed by the principals of the Company.

Dated at Toronto, Ontario, this 14th day of December 2022.

MNP LTD.

Trustee of the Bankrupt Estate of

MBoutique Inc.

and not in its personal or corporate capacity

Per:



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