

Division No.: 04-St-François  
Court No.: 450-11-000012-215  
Estate No.: 42-2844806

IN THE MATTER OF THE BANKRUPTCY OF :  
  
SOCIETE EN COMMANDITE INDUSTRIEL-LEGER

---

TRUSTEE'S REPORT ON HER PRELIMINARY ADMINISTRATION

---

SECTION A : BACKGROUND

1. On March 26, 2021, MNP Ltd. was appointed as Receiver (the "Receiver") to the assets of Société en commandite Industriel-Léger ("SEC") & 9058-0150 Quebec Inc. ("9058"), 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 Gaétan Dumas, of the Superior Court of Quebec for the District and the Division of Saint-François, (the "Court") in file number 450-11-000012-215 (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: <https://mnpdebt.ca/en/corporate/corporate-engagements/sec-industriel-leger/>.
  2. SEC was a limited partnership set up for the purpose of owning, managing and operating real estate properties located in Magog and Sherbrooke, Québec. The real estate portfolio of SEC consisted of five (5) properties, located at: 4220-4248 Garlock street, Sherbrooke, 4221-4249 Garlock Steet, Sherbrooke, 4253-4283 Garlock Street, Sherbrooke, 4310-4364 Industrial Blvd, Sherbrooke and 1426-1428 Industrial Blvd., Magog (together, the "Properties" and each a "Property").
  3. 9058 was the general partner of SEC and was owned by Paul Kanwal.
  4. On February 18, 2022, the Honourable Gaétan Dumas, J.S.C. granted the Approval and Vesting Order sought by the Receiver ("Approval Order") and authorized the Receiver to make an assignment of the property of SEC and 9058 pursuant to section 49 of the BIA and to initially appoint MNP Ltd. as Trustee to the bankruptcy of SEC and 9058, subject to the confirmation of the creditors.
  5. Consequently, as a court-appointed and authorized Receiver per the Approval Order, MNP Ltd. assigned both SEC and 9058 into bankruptcy on July 5, 2022.
-

**SECTION B Assets**

6. SEC's assets are as follows:

| Description of the assets         | Estimated value   | Realised to date  | Notes |
|-----------------------------------|-------------------|-------------------|-------|
|                                   | (\$)              | (\$)              |       |
| <b>SEC Properties</b>             | 10,176,832        | 10,176,832        | 1     |
| <b>Amounts due to the estate:</b> |                   |                   |       |
| Paul Kanwal                       | 48,211            | Ø                 |       |
| 9058-0150 Québec inc              | 1                 | Ø                 |       |
| Ekip Innovation inc.              | 29,940            | Ø                 |       |
| Groupe Kanwal                     | 1                 | Ø                 |       |
| 9052-1451 Québec inc. (write off) | 1                 | Ø                 |       |
|                                   | <u>10,254,986</u> | <u>10,176,832</u> |       |

Notes:

- 1- The majority of the amounts listed above stem from the sale of the Properties that were realized in the Receivership Proceedings. Such proceeds will be distributed in the Receivership Proceedings.

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

**SECTION C Liabilities**

8. The known liabilities of SEC are as follows:

|                            | As per the Statement of affairs | Proofs of claim received to date | Note |
|----------------------------|---------------------------------|----------------------------------|------|
|                            | (\$)                            | (\$)                             |      |
| <b>Secured creditors</b>   |                                 |                                  |      |
| 9286-2929 Québec inc.      | 4,300,000                       | Ø                                | 1    |
| Consolidated Capital G.P.  | 1,300,000                       | Ø                                | 1    |
| FWCU Capital Corp.         | 12,446,167                      | Ø                                |      |
| <b>Unsecured creditors</b> |                                 |                                  |      |
| BMO – Banque de Montréal   | 2,500,000                       | 4,661,466                        | 2    |
| Other                      | 86,259                          | 15,430                           |      |

Notes:

- 1- Only the capital portion of the debts have been included in the Statement of Affairs.  
2- Further to the receivership proceeds of Kanwal Inc., it is estimated that the Bank of Montreal will have a shortfall in the amount of approximately \$2,500,000 with respect to its loans to Kanwal Inc., which were guaranteed by SEC.

---

**SECTION D Secured claims**

9. The secured claims charging the assets of SEC are as follows:

| Secured creditors         | Estimated claim<br>(\$) | Nature of security  | Note |
|---------------------------|-------------------------|---|------|
| 9286-2929 Québec inc      | 4 300 000               | Hypothec on all five Properties and a hypothec on SEC's movable property.   | 1    |
| Consolidated Capital G.P. | 1 300 000               | Hypothec on the Property located at 1426-142 Industrial Blvd, in Magog, and a hypothec on SEC's movable property. | 1    |
| FWCU Capital Corp.        | 12,446,167              | Hypothec on all five Properties and a hypothec on SEC's movable property.   |      |

Notes:

1. Only the capital portion of the debts have been included in the Statement of affairs.

---

**SECTION E Conservatory and protection measures**

18. During the Receivership Proceedings, the Receiver took possession and undertook all required conservatory measures in respect of SEC's assets. The Receiver only received a part of SEC's books and records, in electronic format saved on a USB stick. There were no employees on record as all employees worked for the affiliate company of SEC and 9058, Kanwal Inc.

19. The assets of SEC were sold prior to the assignment in bankruptcy, therefore there is no continuation of the business.

20. The Trustee has opened a trust account at the Bank of Montreal.

---

**SECTION F Legal proceedings**

21. The Trustee sent a notice of stay of proceedings to 9286-2929 Québec Inc.

22. In the course of the Receivership Proceedings, MNP Ltd., in its capacity as Receiver to the assets of SEC and 9058, obtained a legal opinion from independent counsel, Fishman Flanz Meland Paquin represented by Me Nicolas Brochu, confirming the validity and enforceability of the security affecting SEC's assets. This opinion satisfies the Trustee's obligation under section 13.4 of the BIA.

---

---

**SECTION G      Anticipated realization and projected dividend**

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

---

**SECTION H      Reviewable transactions and preferential payments**

24. The Trustee will continue to review the book and records of SEC. If any reviewable transactions or preferential payments are identified, the Trustee will report to the inspectors, if applicable.

---

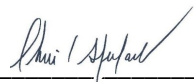
**SECTION I      Other subjects**

25. The Trustee published the notice of bankruptcy in the Journal de Montréal on July 16, 2022.
26. The Trustee's fees and disbursements are guaranteed by the Receivership of Société en commandite Industriel-Léger & 9058-0150 Quebec inc.

MONTRÉAL, this 26<sup>th</sup> day of July 2022.

**MNP LTD**

In its capacity as Trustee in the bankruptcy of  
SOCIETE EN COMMANDITE INDUSTRIEL-LEGER  
and not in its personal or corporate capacity



---

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