

# RSM Richter Inc.

RSM Richter Inc.

2, Place Alexis Nihon  
Montréal (Québec) H3Z 3C2  
Téléphone / Telephone : (514) 934-3497  
Télécopieur / Facsimile : (514) 934-3504  
www.rsmrichter.com

CANADA  
PROVINCE OF QUÉBEC  
DISTRICT OF MONTREAL  
DIVISION NO.: 01-MONTRÉAL  
COURT NO.: 500-11-039687-104  
ESTATE NO.: 41-342646

SUPERIOR COURT  
(Commercial Division)

IN THE MATTER OF THE RECEIVERSHIP OF:

**4425537 CANADA INC.**, a body politic and corporate,  
duly incorporated according to law and having its head  
office and its principal place of business at:  
5300 Côte Saint-Luc Blvd.  
Montreal, Québec H3X 0A3

**Debtor/Bankrupt**

-and-

**RSM RICHTER INC.**

**Receiver**

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## INTERIM RECEIVER'S REPORT ON THE AFFAIRS OF THE DEBTOR/BANKRUPT (S.246(1))

RSM Richter Inc., in its capacity as Receiver to the assets of 4425537 Canada Inc. ("Company" or "Debtor" or "Bankrupt"), an insolvent person, hereby reports on the following:

### A) Overview

1. The Company, incorporated in May 2007, is owned 60% by 4425545 Canada Inc., a bankrupt company which was part of the Groupe Melior Inc. corporate structure ("Groupe Melior"), and 40% by 4433491 Canada Inc.
2. The Company's principal assets comprise of a residential complex for seniors and its adjacent commercial centers, referred to as Manoir St-Bruno, located at 1465 St-Jacques Street (Phase I), 1575 St-Jacques Street (Phase II), 1540 de Montarville (Phase III and commercial center) and 50 de la Rabastalière (commercial center) (collectively the "Property").
3. The Property consists of three (3) interconnected buildings and adjacent commercial complexes, marketed as a residence for seniors, which offers varying levels of services, depending on the mobility and health of the tenant. The Property consists of 257 leasable spaces summarized as follows:

<b>Manoir St- Bruno</b>		<b>Per Diem</b>		
	<b>Address</b>	<b># Units</b>	<b>Convalescence / Vacant Units</b>	<b>Rented Units</b>
<b>Residential</b>				
Phase I - Residential	1465 St-Jacques Street	67	5	62
Phase II - Residential	1575 St-Jacques Street	47		47
Phase III - Residential	1540 de Montarville	118		118
		<b>232</b>	<b>5</b>	<b>227</b>
<b>Commercial</b>				
Phase III - Commercial	1540 de Montarville	10	2	8
Commercial	50 Rabastalière	15	3	12
		<b>25</b>	<b>5</b>	<b>20</b>
<b>Total</b>		<b>257</b>	<b>10</b>	<b>247</b>

4. The Property offers housing to independent or semi-independent residents and the 2nd floor of Phase I is a convalescence floor which offers full-time medical care. Five (5) units of the convalescence floor are rented on a per diem basis for short-term convalescence stays and are not subject to long-term lease agreements.
5. The Property's 227 residential units (excluding the five (5) per diem convalescence units) have been fully rented (100% occupancy). In addition, the Property has 25 commercial spaces available for rent, of which 20 are occupied, resulting in an occupancy rate of 80%.
6. Notwithstanding the Property's occupancy rates, the rental revenues have been insufficient to sustain the operating costs and financing charges.
7. The Property was initially managed by Groupe Melior, under the direction of Mr. Jean Maynard, until March 29, 2010, when Cogir Management Corporation/Société de Gestion Cogir, s.e.n.c. ("Cogir" or "Property Manager") was retained to manage the Property.
8. The Company was financed by Royal Bank of Canada ("RBC"), the first ranking secured mortgage lender, and by HSBC Capital ("HSBC"), the second ranking secured mortgage lender.

**B) Receivership**

9. On October 6, 2010, RBC, with the consent of HSBC filed a Motion for the Appointment of a Receiver to the assets of the Debtor and on October 7, 2010, the Court granted an Order appointing RSM Richter Inc. as Receiver to the assets of the Debtor (the "Receiver Order"), with the powers provided therein. (We refer you to **Exhibit "1"** for a copy of the Receiver Order).
10. On October 14, 2010, RSM Richter Inc., as Receiver, mailed its Notice and Statement of the Receiver, to all known creditors. (We refer you to **Exhibit "2"** for a copy of the Notice and Statement of the Receiver).
11. Pursuant to the appointment of RSM Richter Inc. as Receiver, Cogir's mandate to manage the Property was confirmed. Cogir's responsibilities include overseeing the Property's "in-house" management teams and personnel, providing strategic assistance and guidance in the marketing of the residence and for maintaining the books and records of the Property.

12. The Receiver, as provided in the Receiver Order, has been monitoring the affairs of the Property, its operations and financial results, based on the information provided by Cogir. All invoices for current purchases and services provided since the Receiver's appointment have been paid as they come due, as further discussed in Section E of this Report.

**C) Bankruptcy**

13. On February 11, 2011, as provided for in the Receiver Order, RSM Richter Inc., as Receiver, caused to have 4425537 Canada Inc. file an assignment in bankruptcy in accordance with Article 49 of the *Bankruptcy and Insolvency Act* and RSM Richter Inc. was appointed Trustee to the Bankruptcy ("Trustee").
14. On February 18, 2011, RSM Richter Inc., as Trustee, mailed its Notice and Bankruptcy and First meeting of Creditors, to all known creditors. (We refer you to **Exhibit "3"** for a copy of the Notice and Bankruptcy and First meeting of Creditors).
15. On March 1, 2011, RSM Richter Inc., as Trustee, issued its Trustee's Report to the First Meeting of Creditors, which was posted on its website and made available to creditors at the First Meeting of Creditors. (We refer you to **Exhibit "4"** for a copy of the Trustee's Report).
16. On March 4, 2011, the First Meeting of Creditors was held and RSM Richter Inc. was confirmed as Trustee.

**D) Sale of Property**

17. Further to a lengthy sale process conducted by RBC Capital Market Real Estate Group Inc., which commenced in May 2009, thus prior to RSM Richter Inc.'s appointment as Receiver, an acceptable Offer to Purchase was submitted on December 7, 2010.
18. On December 14, 2010, the Receiver, with consent of the mortgage lenders, expressed to the Purchaser his intent to accept the Offer to Purchase, subject to Court approval.
19. On March 1, 2011, the RBC, with the consent of HSBC, filed a Motion Seeking the Authorization to Sell Property of the Debtor and the Issuance of a Vesting Order, in accordance with Section 243 of the *Bankruptcy and Insolvency Act*.
20. On March 7, 2011 a Court Order was granted authorizing the Receiver to sell the Property of the Debtor to 7657269 Canada Inc. ("Purchaser") and to take the necessary steps to do so ("Sale Order"). (We refer you to **Exhibit "5"** for a copy of the Sale Order).
21. On March 16, 2011, pursuant to the Sale Order, the Receiver and the Purchaser concluded the sale transaction and the Deed of Sale was signed and subsequently registered on March 17, 2011.
22. In accordance with the terms of the Offer to Purchase and the Deed of Sale, the Receiver received the proceeds of sale, net of closing adjustments.
23. A portion of the proceeds were retained by the Receiver to:
  - satisfy the Receiver's obligations entered into up to and including the date of closing of the sale transaction; and
  - satisfy RBC's obligations up to the date of closing of the sale transaction and to the closing of the Receivership and Bankruptcy files.

24. The balance of the proceeds of sale were remitted, as follows:

- firstly, to RBC, first ranking mortgage creditor, to satisfy the secured debt in its entirety; and
- secondly, to HSBC, second ranking mortgage creditor, to satisfy a portion of its secured debt.

**E) Statement of Receipts and Disbursements**

25. Over the course of the Receivership mandate, the Receiver has monitored the operations of the Property, including the review and approval of all invoices and disbursements.

26. As previously mentioned, the sale transaction was completed on March 16, 2011. The Receiver has collected and deposited in his Trust account the proceeds of sale, net of closing adjustments.

27. We refer you to **Exhibit "6"** for the Debtor's/Bankrupt's Statements of Receipts and Disbursements for the period from October 1, 2010 to May 6, 2011.


28. Since the closing of the sale transaction, the Receiver continues to pay the outstanding obligations for goods or services received at the Property, up to and including March 16, 2011 and the professional fees incurred for the administration of the Receivership and Bankruptcy matters.

29. Once all obligations are settled, the RSM Richter Inc. will proceed to close the Receivership and Bankruptcy matters.

DATED AT MONTRÉAL, this 9<sup>th</sup> day of May 2011.

**RSM Richter Inc.**

Receiver

  
Yves Vincent, FCA, CIRP  
Administrator

# **EXHIBIT 1**

**SUPERIOR COURT**

**CANADA  
PROVINCE OF QUEBEC  
DISTRICT OF MONTREAL**

N°: 500-11-039687-104

DATE : October 7, 2010

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**PRESIDING: ~~ME~~, REGISTRAR**  
~~La Pierre Pellerin, registraire~~

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**IN THE MATTER OF THE RECEIVERSHIP OF:**

**4425537 CANADA INC.**

Debtor/Respondent

-and-

**ROYAL BANK OF CANADA**

Petitioner

-and-

**RSM RICHTER INC.**

Mise-en-cause/Receiver

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**ORDER**

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**CONSIDERING** the Petitioner's *Motion for the Appointment of a Receiver*, the affidavit and exhibits in support thereof and the representations made by counsel for the Petitioner;

**FOR THE REASONS, THE COURT:**

- [A]** GRANTS the present *Motion for the Appointment of a Receiver* (the "**Motion**");
- [B]** SHORTENS and WAIVES the delays for service, filing and presentation of the Motion;

- [C] **APPOINTS** RSM Richter Inc., through its representative, Mr. Yves Vincent, trustee and FCA, to act as receiver (the “**Receiver**”) to the property of Debtor/Respondent, 4425537 Canada Inc. (the “**Debtor**”), pursuant to Section 243 of the *Bankruptcy and Insolvency Act*;
- [D] **GRANTS** to the Receiver the following powers which, at the Receiver’s discretion, may be utilized :
- (a) all the necessary powers to collect all the accounts receivables of Debtor;
  - (b) all the powers necessary to the control of the receipts and disbursements of Debtor;
  - (c) all the powers necessary to operate, on behalf of Debtor, its business, including without limitation, the powers to hire employees, to purchase goods and services and to lease rooms and more generally, to do anything required or useful to continue the operations of Debtor.
  - (d) all the powers necessary to hire, on behalf of Debtor, any qualified nurse or other professional required, in its sole opinion, to operate Debtor’s business;
  - (e) all the powers to sign and issue cheques on behalf of Debtor;
  - (f) all the powers necessary to protect the assets of the Debtor given in guarantee or as security;
  - (g) all the powers necessary to take safeguard measures in order to prevent that Debtor squanders its assets and/or erodes the value of its assets;
  - (h) any other power necessary to the taking of safeguard measures regarding all of Debtor’s assets and operations;
  - (i) open any required bank account on behalf of the Debtor, according to terms and conditions that it will, in its sole discretion, consider appropriate, with any Canadian chartered bank, including the Petitioner or any other acceptable financial institution, in order to cash in any sum payable to Debtor, or to its benefit, and make any payment that, in its opinion, is necessary, to the Petitioner or to the fulfilling of the Receiver’s duties; and
  - (j) contract with Petitioner, the Royal Bank of Canada (the “**Petitioner**”), any loan or other form of credit on behalf of the Debtor up to a capital amount of \$400,000 (to financial conditions not more onerous than those of the loan agreement between the Debtor and the Petitioner dated November 21, 2007 as subsequently amended (Exhibit R-1)) in order to allow the continuation of Debtor’s operations, and the charge or hypothec on any such debt or loan (plus the additional hypothec of 20%) will be ranked in preference and priority to any other existing guarantee or security, of any

nature whatsoever, and will be paid in preference and priority by the Receiver;

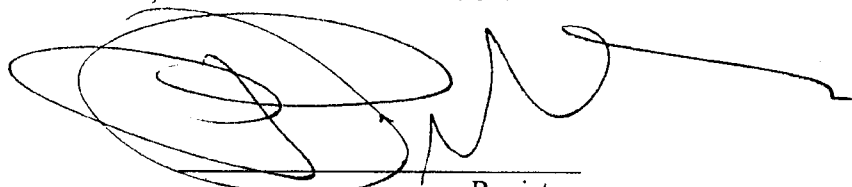
- [E] **AUTHORIZES** the Receiver to conduct and supervise a sale process of Debtor's assets and business;
- [F] **AUTHORIZES** the Receiver to solicit, through private or public call for tenders or through any other means, bids regarding Debtor's assets and business;
- [G] **DECLARES** that the Receiver has all the powers necessary, required or appropriate in order to:
  - (a) solicit bids for Debtor and, more generally, to manage the call for tenders process or any other sale process;
  - (b) determine the means to contact potential buyers, through private mailings, publication in newspapers or otherwise, and proceed accordingly;
  - (c) determine the means of commercializing Debtor, and/or, amongst others, the groups of assets or the grouping of assets of Debtor;
  - (d) allow any potential buyer or any person having demonstrated or demonstrating an interest in Debtor to proceed to a due diligence or to any other analysis of Debtor; and
  - (e) conclude any agreement, of any nature whatsoever, on behalf of Debtor, with any person, in order to receive bids regarding Debtor;
- [H] **DECLARES** that:
  - (a) the Receiver shall be entitled to institute appropriate proceedings, as the case may be and retain the services of legal advisors for the purposes of these proceedings or for any other need. Moreover, such Receiver shall be entitled to file any motion for directions within the meaning of section 34 of the *Bankruptcy and Insolvency Act* as if it were a trustee and if necessary, to execute any necessary document to place Debtor into bankruptcy (file an assignment in bankruptcy) or to file a Notice of intention to make a proposal pursuant to section 50.4 of the *Bankruptcy and Insolvency Act*;
  - (b) in addition to the foregoing, the Receiver shall not be liable for any debt that came into existence prior to the service of the judgment to be rendered herein;
- [I] **DECLARES** that:
  - (a) the Receiver shall not be considered the employer, for all intents and purposes, and shall not incur any liability whatsoever regarding third parties, the Receiver acting for and on behalf of Debtor, among others, as if it were a taking of possession for purposes of administration within the meaning of

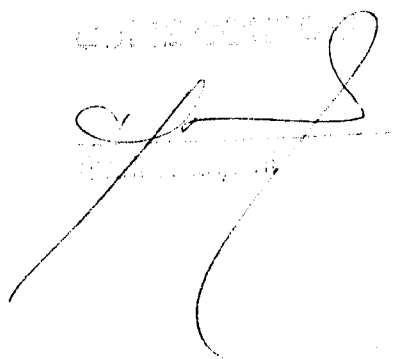


articles 2773 of the *Civil Code of Quebec* and seq., or a sale by the creditor within the meaning of article 2786 *Civil Code of Quebec*;

- (b) the Receiver will not be considered as operating or continuing the enterprise of Debtor, for any purposes whatsoever;
  - (c) the Receiver shall not incur any liability whatsoever regarding third parties or the Debtor for any act done under the judgment to be rendered herein;
  - (d) all the powers, obligations and duties of the Receiver shall be exercised in his sole discretion and according to the judgment to be rendered herein;
  - (e) the Receiver shall benefit from the protection of sections 14.06 of the *Bankruptcy and Insolvency Act* and more particularly the Receiver shall not, as a result of the judgment to be rendered herein or anything done in pursuance of the Receiver's duties and powers under the judgment to be rendered herein, be deemed to be in possession of any of the property of Debtor within the meaning of any federal, provincial or other legislation, statute, regulation or rule of law or equity respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination and regulations thereunder;
- [J] **ORDERS** Debtor and its representatives and employees to surrender all of those assets, the Receiver requires to implement the judgment to be rendered herein, upon service of said judgment;
- [K] **ORDERS** Debtor and its representatives and employees to fully collaborate and cooperate with the Receiver and help and assist the Receiver in the fulfilling of its duties;
- [L] **ORDERS** Debtor and its representatives and employees to grant access to and to surrender to the Receiver all of its accounting records, books and other accounting or financial documents of any nature whatsoever, notwithstanding their medium, and fully assist and help the Receiver in accomplishing its duties and in analyzing such documents;
- [M] **AUTHORIZES** the Receiver, on behalf of the Debtor, to retain or to terminate the services of any person or enterprise, including nurses or doctors, in order to effectively fulfill its duties and to delegate whenever suitable to the Receiver, such powers to any person or enterprise and appoint any agent or other representative;
- [N] **AUTHORIZES** the Receiver to pay out any advance regarding its fees and disbursements, with the agreement of the Petitioner, the whole subject to taxation in conformity with the law;
- [O] **EXEMPTS** the Petitioner from serving any prior notice for the presentation of the Motion;

- [P] **ORDERS** that these proceedings shall have full force and effect in all of the provinces and territories in Canada;
- [Q] **ORDERS** that the judgment to be rendered herein be executory, notwithstanding appeal and without any need to give security;
- [R] **ALLOWS**, as the case may be, a shorter time for presentation;
- [S] **RENDERS** any other remedy appropriate in the circumstances;
- [T] **THE WHOLE** without costs, save in case of contestation.

  
\_\_\_\_\_, Registrar



# **EXHIBIT 2**

CANADA  
Province of Quebec  
District of: Quebec  
Division No.: 01 - Montréal  
Court No.: 500-11-039687-104  
Estate No.: 41-342646

SUPERIOR COURT  
In Bankruptcy and Insolvency  
(Commercial Division)

In the Matter of the Receivership of  
**4425537 Canada Inc.**

**Notice and Statement of the Receiver**  
(Subsections 245(1) and 246(1) of the Act)

The Receiver gives notice and declares that:

1. Further to the Quebec Superior Court Order (the "Order") rendered on October 7, 2010, RSM Richter Inc. ("Richter") was appointed as Receiver to the assets of 4425537 Canada Inc. (the "Debtor");
2. The Order grants to the Receiver the power to take possession of the Debtor's assets and to supervise and oversee its operations;
3. The following information relates to the receivership:

- (a) Address of Debtor: 5300 Côte Saint-Luc, Montreal, Quebec, H3X 0A3
- (b) Principal line of business: Owner and operator of a retirement home for elderly people
- (c) Location of the business: 1540 Montarville Street, St-Bruno, Quebec J3V 3T7  
1465 St-Jacques Street (Phase I), St-Bruno, Quebec J3V 3T7  
1575 St-Jacques Street (Phase II), St-Bruno, Quebec J3V 3T7  
50 Rabastalière, St-Bruno, Quebec J3V 3T7  
(collectively "Property")

- (d) The principal asset of the Debtor is:

Property known as "Manoir St-Bruno", which comprises 232 residential units and 25 commercial spaces.

- (e) The Debtor's indebtedness to its mortgage lenders, who hold security on its assets, is detailed as follows:

**SECURED CREDITORS**

ROYAL BANK OF CANADA	\$ 26,935,615.06
HSBC CAPITAL (CANADA) INC.	<u>6,489,000.00</u>
	\$ <u>33,424,615.06</u>

- (f) Legal hypothecs have been registered on the Property by the following creditors:

**LIEN CREDITORS**

AECON GROUP LTEE	\$ 3,573,462.07
9161-2366 QUEBEC INC.	291,193.90
LES ENTREPRISES PRO-MATH INC.	84,557.43
PROTECTION INCENDIE DE LA MONTÉRÉGIE INC.	66,450.42
VITRERIE J.L. INC.	<u>67,924.91</u>
	\$ <u>4,083,588.73</u>

(g) The other creditors of the Debtor and the amount owed to them are detailed as follows:

**CREDITORS**

AFFAIRE 411	\$	370.95
ALLAIRE COURCHESNE		5,822.07
COMMISSION SCOLAIRE DES PATRIOTES		50,424.95
DEVELOPPEMENT MELIOR S.E.C.		257,314.39
ERNST & YOUNG INC.		629.60
GAZ METROPOLITAIN		2,774.56
HSBC CAPITAL (CANADA) INC.		1,887,096.50
LEGAULT JOLY THIFAUT S.E.N.C.R.L./LLP		33,172.15
LEHOUX BOIVIN COMPTABLES AGRÉES		35,866.03
LJT CONSEIL INC.		36,498.53
MARQUE D'OR		135.45
OGILVY RENAULT S.E.N.C.R.L./LLP		28,520.61
PROTECTION-INCENDIE DE LA MONTÉRÉGIE		2,624.04
RBC BANQUE ROYALE CREDIT BAUX		40,628.98
S.E.C. GESTION C.M.		1,783.56
SERRURIER FABRIS (1993) INC.		159.53
TJMPO CONSULTANTS INC.		20,780.30
VILLE DE SAINT-BRUNO		85,807.60
	\$	<u>2,490,409.80</u>

(h) The intended plan of action of the Receiver during the receivership, to the extent that such a plan has been determined, is as follows:

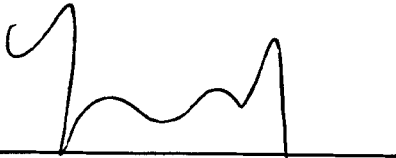
See to the continued sound operations of the Property, which is being managed by Société de gestion Cogir SENC., monitor and oversee its continued success as well as determine the most appropriate course of action to ensure its longevity.

(i) Contact person for Receiver: Ariella Yedid, CA  
Tel: 514.934.3532 / Fax: 514.934.3504  
E-mail: [ayedid@rsmrichter.com](mailto:ayedid@rsmrichter.com)

Dated at Montreal in the Province of Quebec, October 13, 2010.

RSM Richter Inc. - Receiver

Per:



Yves Vincent, FCA, CIRP  
2 Place Alexis Nihon, Suite 1820  
Montréal QC H3Z 3C2  
Phone: (514) 934-3497 Fax: (514) 934-3504

# **EXHIBIT 3**

CANADA  
Province of Quebec  
District of: Quebec  
Division No.: 01 - Montréal  
Court No.: 500-11-039687-104  
Estate No.: 41-1462198

SUPERIOR COURT  
In Bankruptcy and Insolvency

**Notice of Bankruptcy and First Meeting of Creditors**  
(Subsection 102(1) of the Act)

In the matter of the bankruptcy of  
**4425537 Canada Inc.**  
Of the City of Montréal  
In the Province of Quebec

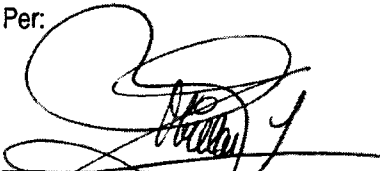
Take notice that:

1. 4425537 Canada Inc. filed an assignment on February 11, 2011, and the undersigned, RSM Richter Inc., was appointed as trustee of the estate of the bankrupt by the official receiver, subject to affirmation by the creditors of the trustee's appointment or substitution of another trustee by the creditors.
2. The first meeting of creditors of the bankrupt will be held on March 4, 2011, at 10:30 A.M., at the Office of the Superintendent of Bankruptcy, at 5 Place Ville Marie, 8<sup>th</sup> Floor, Montréal, Quebec.
3. To be entitled to vote at the meeting, a creditor must lodge with the trustee, before the meeting, a proof of claim and, where necessary, a proxy.
4. Enclosed with this notice is a proof of claim form, proxy form, and list of creditors with claims amounting to \$25 or more showing the amounts of their claims.
5. Creditors must prove their claims against the estate of the bankrupt in order to share in any distribution of the proceeds realized from the estate.

Dated at Montréal in the Province of Quebec, February 18, 2011.

RSM Richter Inc. - Trustee

Per:



Gilles Robillard, CA, CRP  
2 Place Alexis Nihon, Suite 1820  
Montréal QC H3Z 3C2  
Phone: (514) 934-3497 Fax: (514) 934-3504

(français - recto)

District of: Quebec  
 Court No. 01 - Montréal  
 Court No. 500-11-039687-104  
 Estate No.

Original  Amended

-- FORM 78 --  
 Statement of Affairs ( Business Bankruptcy ) made by an entity  
 (Subsection 49(2) and Paragraph 158(d) of the Act / Subsections 50(2) and 62(1) of the Act)

In the matter of the bankruptcy of  
 4425537 Canada Inc.  
 Of the City of Montréal  
 In the Province of Quebec

To the bankrupt

You are required to carefully and accurately complete this form and the applicable attachments showing the state of your affairs on the date of your bankruptcy, on the 10th day of February 2011. When completed, this Form and the applicable attachments will constitute the Statement of Affairs and must be verified by oath or solemn declaration.

LIABILITIES (As stated and estimated by the officer)		ASSETS (as stated and estimated by the officer)	
1. Unsecured creditors as per list "A" .....	407,755.89	1. Inventory .....	0.00
Balance of claims unsecured as per list "A" .....	1,921,436.00	2. Trade fixtures, etc. ....	0.00
Total unsecured creditors .....	2,329,191.89	3. Accounts receivable and other receivables, as per list "E"	
2. Secured creditors value of security as per list "B" .....	37,800,000.00	Good .....	0.00
3. Preferred creditors as per list "C" .....	0.00	Doubtful .....	0.00
4. Contingent, trust claims or other liabilities as per list "D"	0.00	Bad .....	0.00
estimated to be reclaimable for .....		Estimated to produce .....	0.00
Total liabilities .....	40,129,191.89	4. Bills of exchange, promissory note, etc., as per list "F" ...	0.00
Surplus .....	NIL	5. Deposits in financial institutions .....	0.00
		6. Cash .....	0.00
		7. Livestock .....	0.00
		8. Machinery, equipment and plant .....	225,000.00
		9. Real property or immovables as per list "G" .....	37,150,000.00
		10. Furniture .....	425,000.00
		11. RRSPs, RRFs, life insurance, etc. ....	0.00
		12. Securities (shares, bonds, debentures, etc.) .....	0.00
		13. Interests under wills .....	0.00
		14. Vehicles .....	0.00
		15. Other property, as per list "H" .....	0.00
		If bankrupt is a corporation, add:	
		Amount of subscribed capital .....	0.00
		Amount paid on capital .....	0.00
		Balance subscribed and unpaid .....	0.00
		Estimated to produce .....	0.00
		Total assets .....	37,800,000.00
		Deficiency .....	2,329,191.89

I, Yves Vincent, of RSM Richter Inc. ès qualités Receiver to the property of 4425537 Canada Inc., of the City of Montréal in the Province of Quebec, do swear (or solemnly declare) that this statement and the attached lists are to the best of my knowledge, a full, true and complete statement of my affairs on the 11th day of February 2011 and fully disclose all property of every description that is in my possession or that may devolve on me in accordance with the Act.

SWORN (or SOLEMNLY DECLARED)  
 before me at the Ville of Montréal in the Province of Quebec,  
 on this 11th day of February 2011.

*Lucie Leroux*  
 Lucie Leroux, Commissioner of Oaths  
 For the Province of Quebec  
 Expires Nov. 27, 2012



*Yves Vincent*  
 Yves Vincent, of RSM Richter Inc. ès  
 qualités Receiver to the property of  
 4425537 Canada Inc.



District of Quebec  
 Division No. 01- Montréal  
 Court No. 500-11-039687-104  
 Estate No.

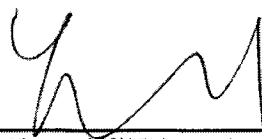
- FORM 78 -- Continued --

List "A"  
 Unsecured Creditors  
 4425537 Canada Inc.

No.	Name of creditor	Address	Unsecured claim	Balance of claim unsecured	Total claim
1	3-HSBC CAPITAL (CANADA) INC.	SUITE 1100-PO BOX 1016 885 WEST GEORGIA STREET VANCOUVER BC V6C 3E8	0.00	1,609,473.00	1,609,473.00
2	4-REVENU QUEBEC Attr: SERVICE DES FAILLITES ET PROPOSITIONS	1600, BOUL. RENE-LEVESQUE O SECTEUR R23CPF, 3e ETAGE Montréal QC H3H 2V2	0.00	311,963.00	311,963.00
3	AFFAIRES 411	980 RUE SAINTE ANTOINE OUEST #310 MONTREAL QC H3X 1A8	370.95	0.00	370.95
4	ALLAIRE COURCHESNE	1690 GIROUARD Saint HYACINTHE QC J2S 2Z7	5,822.07	0.00	5,822.07
5	COMMISSION SCOLAIRE DES PATRIOTES	1740 RUE ROBERVAL SAINT-BRUNO DE MONTARVILLE QC J3V 3R3	0.00	0.00	0.00
6	DEVELOPPEMENT MELIOR S.E.C.	5300 CHEMIN DE LA COTE ST LUC MONTREAL QC H3X 0A3	257,314.39	0.00	257,314.39
7	ERNST & YOUNG INC.	BUREAU 1900 800 BOUL.RENÉ-LÈVESQUE OUEST MONTREAL QC H3B 1X9	629.60	0.00	629.60
8	LEGAULT JOLY THIFFAULT S.E.N.C.R.L./LLP	CENTRE COMM.MONDIAL 380 RUE ST-ANTOINE O.BUR.7100 MONTREAL QC H2Y 3X7	33,172.15	0.00	33,172.15
9	LEHOUX BOVIN COMPTABLES AGREES	4255 BOUL.LAPINIERE, BUR.300 BROSSARD QC H2Y 3X7	35,866.03	0.00	35,866.03
10	LJT CONSEIL INC.	CENTRE DE COMMERCE MONDIAL 380 RUE ST-ANTOINE O.BUR.7100 MONTREAL QC H2Y 3X7	36,498.53	0.00	36,498.53
11	MARQUE D'OR	651 RUE NOTRE DAME OUEST 31EME ETAGE MONTREAL QC H3C 1J1	135.45	0.00	135.45
12	PROTECTION-INCENDIE DE LA MONTEREGIE	3900 PLACE DE JAVA, LOCAL 102 BROSSARD QC J4Y 0C4	2,624.04	0.00	2,624.04
13	S.E.C. GESTION C.M.	625 RENE LEVESQUE OUEST, BUREAU 600 MONTREAL QC H3B 1R2	1,783.56	0.00	1,783.56
14	SERRURIER FABRIS (1993) INC.	45 BOUL LAURIER McMASTERVILLE QC J3G 1P7	159.53	0.00	159.53
15	TJMPO CONSULTANTS INC.	1305 BLIZZARD STREET QUEBEC QC G2K 0A1	20,780.30	0.00	20,780.30
16	WASTE MANAGEMENT	ATT: ME FRANKLIN 4141 RUE SHERBROODE ST O MONTREAL QC H3Z 1B8	12,599.29	0.00	12,599.29
<b>Total:</b>			<b>407,755.89</b>	<b>1,921,436.00</b>	<b>2,329,191.89</b>

11-Feb-2011

Date

  
 Yves Vincent, of RSM Richter Inc. en qualités  
 Receiver to the property of 4425537 Canada Inc.

District of Quebec  
 Division No. 01 - Montréal  
 Court No. 500-11-039687-104  
 Estate No.

-- FORM 78 -- Continued --


List "B"  
 Secured Creditors

4425537 Canada Inc.

No.	Name of creditor	Address	Amount of claim	Particulars of security	When given	Estimated value of security	Estimated surplus from security	Balance of claim unsecured
1	1-ROYAL BANK OF CANADA HYPOTHEQUE	7E ETAGE, PO BOX 6001 1 PLACE VILLE-MARIE, SUCC.CENTRE-VILLE MONTREAL QC H3C 3A9	30,600,000.00	Business Assets - Machinery - Machinery Equipment and plant  Furniture - Furniture  Real Property or Immovable - Building - Montréal - 5300, chemin de la Côte-Saint-Luc		225,000.00  425,000.00  29,950,000.00		
2	2-RBC BANQUE ROYALE CREDIT BAUX	7E ETAGE, PO BOX 6001 1 PLACE VILLE-MARIE MONTREAL QC H3C 3A9	45,134.00	Real Property or Immovable - Building - Montréal - 5300, chemin de la Côte-Saint-Luc		45,134.00		
3	3-HSBC CAPITAL (CANADA) INC.	SUITE 1100-PO BOX 1016 885 WEST GIORGIA STREET VANCOUVER BC V6C 3E8	8,764,339.00	Real Property or Immovable - Building - Montréal - 5300, chemin de la Côte-Saint-Luc		7,154,866.00		1,609,473.00
4	4-REVENU QUEBEC Attn: SERVICE DES FAILLITES ET PROPOSITIONS	1600, BOUL. RENE-LEVESQUE O SECTEUR R23CPF, 3e ETAGE Montréal QC H3H 2V2	311,963.00	Real Property or Immovable - Building - Montréal - 5300, chemin de la Côte-Saint-Luc		0.00		311,963.00
<b>Total:</b>			<b>39,721,436.00</b>			<b>37,800,000.00</b>	<b>0.00</b>	<b>1,921,436.00</b>

11-Feb-2011

Date

  
 Yves Vincent, of RSM Richter Inc. ès qualités  
 Receiver to the property of 4425537 Canada Inc.

## THIS INFORMATION SHEET IS SUPPLIED IN ORDER TO ASSIST YOU IN COMPLETING THE PROOF OF CLAIM FORM

- The proof of claim must be signed by the individual completing the form.
- The signature of the claimant must be witnessed.
- Give the complete address (including postal code) where all notices and correspondence are to be forwarded.
- The amount on the statement of account must agree with the amount claimed on the proof of claim.

### PARAGRAPH 1 OF THE PROOF OF CLAIM

- If the individual completing the proof of claim is not the creditor himself, he must state his position or title.
- The creditor must state the full and complete legal name of the Company or the claimant.

### PARAGRAPH 3 OF THE PROOF OF CLAIM

- A detailed statement of account must be attached to the proof of claim and must show the date, the invoice number and the dollar amount of all the invoices or charges, together with the date, the number and the amount of all credits or payments. A statement of account is not complete if it begins with an amount brought forward. In addition, a creditor must indicate his/her address, phone number, fax number and E-mail address.

### PARAGRAPH 4 OF THE PROOF OF CLAIM

- An unsecured creditor (subparagraph (A)) must check and state whether or not a priority rank is claimed under Section 136 of the Bankruptcy and Insolvency Act.
- A claim of landlord (subparagraph (B)) for disclaim of lease must be completed with full particulars and calculations.
- A secured creditor must complete subparagraph (C) and attach a copy of the security documents.
- A farmer, fisherman or aquaculturist must complete subparagraph (D).
- A wage earner must complete subparagraph (E), if applicable.
- Section F must be completed with regard to a pension plan.
- A claim against director(s) (subparagraph (G)), in a proposal which compromises a creditor's claim, must contain full particulars and calculations.
- A customer of a bankrupt securities firm must complete subparagraph (H).

### PARAGRAPH 5 OF THE PROOF OF CLAIM

- The claimant must indicate whether he/she **is** or **is not related** to the debtor, as defined in the Bankruptcy and Insolvency Act, by striking out that which is not applicable.

### PARAGRAPH 6 OF THE PROOF OF CLAIM

- The claimant must attach a detailed list of all payments received and/or credits granted, as follows:
  - a) within the **three months** preceding the initial bankruptcy event, in the case where the claimant and the debtor are **not related**;
  - b) within the **twelve months** preceding the initial bankruptcy event, in the case where the claimant and the debtor are **related**.
- PROXY**
  - a) A creditor may vote either in person or by proxy;
  - b) A debtor may not be appointed as proxy to vote at any meeting of the creditors;
  - c) The Trustee may be appointed as a proxy for any creditor;
  - d) In order for a duly authorized person to have a right to vote he must himself be a creditor or be the holder of a properly executed proxy. The name of the creditor must appear in the proxy.

## PROOF OF CLAIM

(Section 50.1, Subsections 65.2(4), 81.2(1), 81.3(8), 81.4(8), 81.5, 81.6, 102(2), 124(2), 128(1),  
and Paragraphs 51(1)(e) and 66.14(b) of the Act)

All notices or correspondence regarding this claim must be forwarded to the following address:

\_\_\_\_\_  
\_\_\_\_\_

In the matter of the bankruptcy of **4425537 Canada Inc.** of the City of Montréal, Province of Quebec, and the claim of \_\_\_\_\_, creditor.

I, \_\_\_\_\_ (name of creditor or representative of the creditor), of \_\_\_\_\_ (city and province), do hereby certify:

1. That I am a creditor of the above-named debtor (or that I am \_\_\_\_\_ (state position or title) of \_\_\_\_\_ (name of creditor or representative of the creditor)).
2. That I have knowledge of all of the circumstances connected with the claim referred to below.
3. That the debtor was, at the date of the bankruptcy, namely February 11, 2011, and still is, indebted to the creditor in the sum of \$ \_\_\_\_\_, as specified in the statement of account (or affidavit) attached and marked Schedule "A," after deducting any counterclaims to which the debtor is entitled. (The attached statement of account or affidavit must specify the vouchers or other evidence in support of the claim.)
4. Check and complete appropriate category  
 A. UNSECURED CLAIM OF \$ \_\_\_\_\_  
(Other than as a customer contemplated by Section 262 of the Act)

That in respect of this debt, I do not hold any assets of the debtor as security and

(Check appropriate description)

- Regarding the amount of \$ \_\_\_\_\_, I do not claim a right to a priority.  
(Ordinary Creditor)
- Regarding the amount of \$ \_\_\_\_\_, I claim a right to a priority under section 136 of the Act.  
(Preferred Creditor)  
(Set out on an attached sheet details to support priority claim)
- B. CLAIM OF LESSOR FOR DISCLAIMER OF A LEASE \$ \_\_\_\_\_

That I hereby make a claim under subsection 65.2(4) of the Act, particulars of which are as follows:  
(Give full particulars of the claim, including the calculations upon which the claim is based)

- C. SECURED CLAIM OF \$ \_\_\_\_\_

That in respect of this debt, I hold assets of the debtor valued at \$ \_\_\_\_\_ as security, particulars of which are as follows:

(Give full particulars of the security, including the date on which the security was given and the value at which you assess the security, and attach a copy of the security documents.)

- D. CLAIM BY FARMER, FISHERMAN OR AQUACULTURIST OF \$ \_\_\_\_\_

That I hereby make a claim under subsection 81.2(1) of the Act for the unpaid amount of \$ \_\_\_\_\_  
(Attach a copy of sales agreement and delivery receipts).

FORM 31 (Continued)

- E. CLAIM BY WAGE EARNER OF \$ \_\_\_\_\_
  - That I hereby make a claim under subsection 81.3(8) of the Act in the amount of \$ \_\_\_\_\_
  - That I hereby make a claim under subsection 81.4(8) of the Act in the amount of \$ \_\_\_\_\_
- F. CLAIM BY EMPLOYEE FOR UNPAID AMOUNT REGARDING PENSION PLAN OF \$ \_\_\_\_\_
  - That I hereby make a claim under subsection 81.5 of the Act in the amount of \$ \_\_\_\_\_
  - That I hereby make a claim under subsection 81.6 of the Act in the amount of \$ \_\_\_\_\_

G. CLAIM AGAINST DIRECTOR \$ \_\_\_\_\_  
 (To be completed when a proposal provides for the compromise of claims against directors.)

That I hereby make a claim under subsection 50(13) of the Act, particulars of which are as follows:  
 (Give full particulars of the claim, including the calculations upon which the claim is based.)

H. CLAIM OF A CUSTOMER OF A BANKRUPT SECURITIES FIRM \$ \_\_\_\_\_  
 That I hereby make a claim as a customer for net equity as contemplated by section 262 of the Act, particulars of which are as follows:  
 (Give full particulars of the claim, including the calculations upon which the claim is based.)

5. That, to the best of my knowledge, I am (or the above-named creditor is) (or am not or is not) related to the debtor within the meaning of section 4 of the Act, and have (or has) (or have not or has not) dealt with the debtor in a non-arm's-length manner.

6. That the following are the payments that I have received from, the credits that I have allowed to, and the transfers at undervalue within the meaning of subsection 2(1) of the Act that I have been privy to or a party to with the debtor within the three months (or, if the creditor and the debtor are related within the meaning of section 4 of the Act or were not dealing with each other at arm's length, within the 12 months) immediately before the date of the initial bankruptcy event within the meaning of subsection 2(1) of the Act: (provide details of payments, credits and transfers at undervalue)

Dated at \_\_\_\_\_, this \_\_\_\_\_ day of \_\_\_\_\_

\_\_\_\_\_  
 Signature of creditor

\_\_\_\_\_  
 Signature of witness

Telephone number: \_\_\_\_\_ Fax number: \_\_\_\_\_

E-mail address: \_\_\_\_\_

NOTES: If an affidavit is attached, it must have been made before a person qualified to take affidavits.  
 WARNINGS: A trustee may, pursuant to subsection 128(3) of the Act, redeem a security on payment to the secured creditor of the debt or the value of the security as assessed, in a proof of security, by the secured creditor.  
 Subsection 201(1) of the Act provides severe penalties for making any false claim, proof, declaration or statement of account.

**PROXY**

(Subsection 102(2) and paragraphs 51(1)e) and 66.15(3)b) of the Act)

In the matter of the bankruptcy of **4425537 Canada Inc.**

I, \_\_\_\_\_, of \_\_\_\_\_  
 (name of creditor) (name of town or city)

a creditor in the above matter, hereby appoint \_\_\_\_\_ of \_\_\_\_\_  
 to be my proxyholder in the above matter, except as to the receipt of dividends, with (or without) power to appoint another proxyholder in his or her place.

Dated at \_\_\_\_\_, this \_\_\_\_\_ day of \_\_\_\_\_

\_\_\_\_\_  
 Signature of creditor

Per: \_\_\_\_\_  
 Name and title of signing officer

\_\_\_\_\_  
 Signature of witness

# **EXHIBIT 4**

# RSM Richter Inc.

## RSM Richter Inc.

2, Place Alexis Nihon, bureau 1820  
Montréal (Québec) H3Z 3C2  
Téléphone / Telephone : 514.934.3497  
Télécopieur / Facsimile : 514.934.3504  
www.rsmrichter.com

CANADA  
PROVINCE OF QUÉBEC  
DISTRICT OF QUÉBEC  
DIVISION NO.: 01-MONTREAL  
COURT NO.: 500-11-039687-104  
ESTATE NO.: 41-1462198

SUPERIOR COURT  
(In Bankruptcy and Insolvency)

IN THE MATTER OF THE BANKRUPTCY OF:

**4425537 Canada Inc.**

a body politic and corporate, duly incorporated according  
to law and having its head office and its principal place of  
business at :

5300 Côte Saint-Luc Blvd.  
Montreal (Québec) H3X 0A3

**Company/Bankrupt**

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## TRUSTEE'S REPORT TO THE FIRST MEETING OF CREDITORS

### I. INTRODUCTION

#### a) Receivership

On October 6, 2010, Royal Bank of Canada ("RBC"), the first ranking secured mortgage lender (the "Mortgage Lender"), filed a Motion for the Appointment of a Receiver to the assets of 4425537 Canada Inc. ("Company" or "Bankrupt") and on October 7, 2010, the Court granted an Order appointing RSM Richter Inc. ("Richter") as Receiver (the "Receiver Order") with the powers provided therein.

#### b) Bankruptcy

On February 11, 2011, as provided for in the Receiver Order, Richter, as Receiver, caused to have 4425537 Canada Inc. file an assignment in bankruptcy in accordance with Article 49 of the *Bankruptcy and Insolvency Act* and RSM Richter Inc. was appointed Trustee to the Bankruptcy (the "Trustee").

## II. OVERVIEW

The Company, incorporated in May 2007, is owned 60% by 4425545 Canada Inc., a bankrupt company which was part of the Groupe Melior Inc. corporate structure ("Groupe Melior"), and 40% by 4433491 Canada Inc.

The Company's principal assets comprise of a residential complex for seniors and its adjacent commercial center, referred to as Manoir St-Bruno, located at 1465 St-Jacques Street (Phase I), 1575 St-Jacques Street (Phase II), 1540 de Montarville (Phase III and commercial center) and 50 de la Rabastalière (commercial center) (collectively the "Property"). The construction of Phase III of the Property was completed in July 2008.

The Property was initially managed by Groupe Melior, under the direction of Mr. Jean Maynard, until April 1, 2010, when Cogir Management Corporation/Société de Gestion Cogir, s.e.n.c. ("Cogir" or "Property Manager") was retained to manage the Property.

The Property consists of 3 interconnected buildings and adjacent commercial complexes, marketed as a residence for seniors, which offers varying levels of services, depending on the mobility and health of the tenant. The Property consists of 257 leasable spaces summarized as follows:

Manoir St-Bruno		Per Diem		
Address	Units	Commenced / Vacant Units	Rented Units	
<b>Residential</b>				
Phase I - Residential	1465 St-Jacques Street	67	5	62
Phase II - Residential	1575 St-Jacques Street	47		47
Phase III - Residential	1540 de Montarville	118		118
		<b>232</b>	<b>5</b>	<b>227</b>
<b>Commercial</b>				
Phase III - Commercial	1540 de Montarville	10	2	8
Commercial	50 Rabastalière	15	3	12
		<b>25</b>	<b>5</b>	<b>20</b>
<b>Total</b>		<b>257</b>	<b>10</b>	<b>247</b>

These residences house independent or semi-independent residents and offer a variety of optional services to the tenants, including but not limited to phone, cable, cleaning, medical, meals and parking (in Phase III). Furthermore, the 2<sup>nd</sup> floor of Phase I is a convalescence floor which offers full time medical care. Five (5) units of the convalescence floor are rented on a per diem basis for short term convalescence stays and are not subject to long term lease agreements.



As at March 1, 2011, the Property has 227 residential units (excluding the 5 per diem convalescence units) available for rent which are all rented (100% occupancy) and 5 per diem convalescence units which are occupied. In addition, the Property has 25 commercial spaces available for rent, of which 20 are occupied, resulting in an occupancy rate of 80%.

Notwithstanding the above, the current rental revenues are insufficient to sustain the operating costs and financing charges.

### **III. CURRENT OPERATIONS**

Pursuant to the appointment of Richter as Receiver, Cogir's mandate to manage the Property was confirmed. Cogir's responsibilities include overseeing the Property's "in-house" management teams and personnel, providing strategic assistance and guidance in the marketing of the residence. They are also responsible for maintaining the books and records of the Property.

The Receiver, as provided in the Receiver Order, is monitoring the affairs of the Property, its operations and financial results. Based on the information provided by Cogir, all invoices for current purchases and services provided are being paid as they come due, by the Receiver.

The Receiver has obtained confirmation from the Mortgage Lender that, if required, interim financing could be provided by them to support the current operations of the Property.

### **IV. FINANCIAL INFORMATION**

**The information contained in this Report has been prepared from the available books and records of the Company. These books and records have not been reviewed or otherwise audited by the Trustee. Consequently, the Trustee expresses no opinion whatsoever with respect to the validity, the exactness or the reliability of the information contained herein.**

a) **Historical Financial Results**

The Company's operating results for the twelve (12) months ended December 31, 2010, based on its internal financial statements, are summarized as follows:

1425537 Canada Inc. - Mangir St-Bruno Statement of Operations For the 12 months ended December 31, 2009 and 2010		
	12 months ended Dec. 31, 2010	12 months ended Dec. 31, 2009
<b>Revenues</b>		
Rental revenues	\$ 4,659,089	\$ 4,385,189
Other revenues	1,180,259	1,214,389
<b>Total Revenues</b>	<b>5,839,348</b>	<b>5,599,578</b>
<b>Operating Expenses</b>		
Salaries & Benefits	1,327,666	1,259,631
Management Fees	233,057	218,241
Food	214,686	203,329
Realty Taxes	448,835	369,501
Utilities	311,536	332,834
Insurance	20,457	18,387
Marketing & Commissions	45,996	58,307
Administration	105,401	84,320
Consultant & Professional Fees	383,583	176,030
Repairs, Maintenance & Supplies	169,758	197,767
Commercial Expenses	349,247	356,582
<b>Total Operating Expenses</b>	<b>3,610,222</b>	<b>3,274,929</b>
<b>EBITDA</b>	<b>2,229,126</b>	<b>2,324,649</b>
Interest	3,197,171	2,156,180
Depreciation	1,372,274	1,403,560
<b>Net Income Before Taxes</b>	<b>(2,340,319)</b>	<b>(1,235,091)</b>
Provision for Tax on Capital	86,082	65,243
<b>Net Income</b>	<b>\$ (2,426,401)</b>	<b>\$ (1,300,334)</b>

As illustrated above, the Property's operating results are not sufficient to cover the financing costs.

**b) Statement of Affairs**

The Statement of Affairs as at February 11, 2011 (Bankruptcy date), based on the books and records of the Company and information provided by the Property Manager, is summarized as follows:

442-537 Canada Inc. - Manor St-Bruno Statement of Affairs As of February 11, 2011	
<b>Liabilities</b>	
Secured creditors	\$ 39,721,436
Preferred creditors	
Unsecured creditors	407,756
	<u>40,129,192</u>
<b>Assets</b>	
Current assets	-
Long-term assets <sup>(1)</sup>	37,800,000
	<u>37,800,000</u>
<b>Deficit</b>	<u>\$ (2,329,192)</u>

Note <sup>(1)</sup>: It is important to note that the Company's accounting records are not necessarily up-to-date or complete and accordingly the values as reflected in the books of the Company may not be accurate.

**i) Assets**

All the assets are pledged in favor of the Mortgage Lender.

**a) Current Assets**

The Receiver, pursuant to the Receiver Order has been controlling the Company's receipts and disbursements, through the Receiver Trust bank account as well as an operating account managed by Cogir, on behalf of the Receiver. Accordingly, the bankrupt Company had no cash receivables as at the date of the bankruptcy.

**b) Fixed Assets (\$37,800,000)**

The long term assets consist of the land and building, machinery and equipment, furniture and fixtures (i.e. the Property). The Trustee will be obtaining an evaluation of the Property.

**ii) Liabilities**

**a) Secured creditors (\$39,721,436)**

The amounts owing to the secured creditors are detailed as follows:

- Royal Bank of Canada (1<sup>st</sup> ranking mortgage financing of \$30,600,000);
- Royal Bank of Canada (capital leases \$45,134);
- HSBC Capital (Canada) Inc. (2<sup>nd</sup> ranking mortgage financing of \$8,764,339);
- Ministère du Revenu du Québec (assessed amount of \$311,963).

A legal opinion on the validity of the security held by the 1<sup>st</sup> ranking and 2<sup>nd</sup> ranking mortgage lenders has been requested from the Trustee's legal counsel. Upon receipt of the legal opinion, the Trustee will submit it to the Inspectors of the Estate.

Subject to the validity of their security and their ranking, the secured creditors will receive the proceeds from the ultimate realization of the Property up to the amount of their claim.

It is too early to evaluate if the secured creditors will be repaid in full.

**b) Preferred creditors**

The books and records of the Company do not indicate any preferred creditors.

**c) Ordinary creditors (\$407,756)**

According to the Statement of Affairs, the amount due to the unsecured creditors totals \$407,756.

As at the date of the preparation of this Report, the Trustee has not received sufficient proofs of claim to validate the amount of ordinary claims.

**V. SUMMARY OF THE PRELIMINARY ADMINISTRATION OF THE TRUSTEE**

**a) Books and Records**

As at the Bankruptcy date, the books and records of the Company were not necessarily complete and up-to-date. The Trustee has requested that Cogir bring them to date.

The physical and electronic books and records of the Company, since January 2009, are in the possession of Cogir and will be maintained by them on behalf of the Trustee. As of the date of this Report, the Trustee has been unable to locate the financial information and records concerning the period prior to January 2009.

**b) Protective Measures**

Since February 11, 2011, the Trustee has undertaken various security and protective measures such as:

- Opening of a trust bank account;
- Assign the responsibility of safeguarding the physical and electronic books and records, on behalf of the Trustee to Cogir, the Property Manager;
- Adding the Trustee's name to the insurance policies in force covering the assets of the Company;
- Making arrangements with utilities companies and certain suppliers of goods and services to continue servicing the Property.

**c) Realization Process**

The Receiver has accepted an offer to purchase the Property, subject to Court approval. A Motion Seeking the Authorization to Sell the Property of the Debtor and the Issuance of a Vesting Order will be presented to Court on March 7, 2011 and the sale transaction is anticipated to close within two days after the issuance of the Vesting Order.

**d) Property of Others**

To date, the Trustee has not received any property claims.

**e) Reviewable Transactions and Preferential Payments**

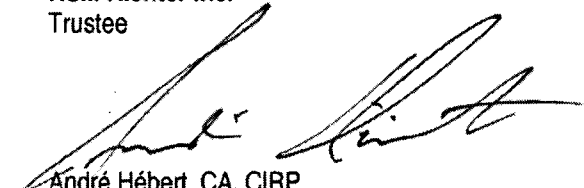
The Trustee will perform a review of the Company's books and records to determine any potential preferential payments or any reviewable transactions and will submit a report to the Inspectors of the Estate.

**VI. ANTICIPATED REALIZATION AND PROJECTED DISTRIBUTION**

It is too early to estimate the anticipated realization results and the possible distribution, if any, to the unsecured creditors.

Dated at Montréal, this 1<sup>st</sup> day of March 2011.

**RSM Richter Inc.**  
Trustee



André Hébert, CA, CIRP  
Administrator of the Estate

# **EXHIBIT 5**

**SUPERIOR COURT**

**CANADA  
PROVINCE OF QUEBEC  
DISTRICT OF MONTREAL**

N°: 500-11-039687-104

DATE : March 7, 2011

---

**PRESIDING:** Me Pierre Pellerin, registraire, Registrar

---

**IN THE MATTER OF THE RECEIVERSHIP OF:**

**4425537 CANADA INC.**

Debtor/Respondent

-and-

**ROYAL BANK OF CANADA**

Petitioner

-and-

**RSM RICHTER INC.**

Mise-en-cause/Receiver

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**ORDER**

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**CONSIDERING** the Petitioner's Motion Seeking the Authorization to Sell Property of the Debtor and the Issuance of a Vesting, the affidavits and exhibits in support thereof and the representations made by counsel for the Petitioner;

**FOR THE REASONS, THE COURT:**

[A] **GRANTS** Petitioner's *Motion Seeking the Authorization to Sell Property of the Debtor and the Issuance of a Vesting Order* (the "Motion");



- [B] **DECLARES** sufficient the service and notice of the Motion and extend the delays of service as required;
- [C] **AUTHORIZES** service of this Order at any time and place and by any means whatsoever;
- [D] **DECLARES** that all capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in the Motion;
- [E] **GRANTS** RSM Richter Inc. (the "**Receiver**") the following powers to:
  - (a) accept the Offer;
  - (b) accept and consent to a deed of sale (the "**Deed of Sale**") by and between the Receiver, as seller, and 7657269 Canada Inc. (the "**Purchaser**"), as Purchaser, in accordance with the terms and conditions of the Offer to Purchase dated December 7, 2010 (the "**Offer**") communicated in support of the Motion as Exhibit R-8, subject to any modifications agreed to between the parties which do not substantially affect the value of the transaction contemplated by the Offer (the "**Transaction**");
  - (c) perform all acts, sign all documents, including the Deed of Sale, and any other related or ancillary documents (including but not limited to a receipt and acquittance for the purchase price when paid), and take any necessary measures to execute any dispositions, transactions or engagements stipulated in the Offer or any related documents, and further execute any agreements, contract, deed or any other document ancillary or related to the Offer or the Deed of Sale, which could be required or useful to give full and complete effect thereto;
  - (d) complete the Transaction and to deliver the assets sold pursuant to the Transaction and more fully detailed in the Offer (the "**Purchased Assets**") to the Purchaser free and clear of any security, charge or other restriction; and
  - (e) collect the proceeds of the Transaction and distribute said proceeds to the secured creditors.
- [F] **APPROVES** and **AUTHORIZES** the Offer and the sale by the Receiver to the Purchaser of the Purchased Assets, pursuant to and in accordance with the terms and conditions of the Offer;
- [G] **DECLARES** that the Transaction is valid, opposable and enforceable;
- [H] **AUTHORIZES** and **ORDERS** the sale of the Purchased Assets to the Purchaser on an "as is where is basis" and subject to the other terms and conditions of the Offer (including without limitation sections 6.1 and 6.2), or as the parties may agree to, including the consummation of all transactions contemplated by the Offer and each of its terms and conditions;

- [I] **ORDERS** and **DECLARES** that upon closing of the Transaction, the Purchased Assets shall vest absolutely and exclusively in and with the Purchaser, free and clear of and from any and all rights, interests, prior claims, hypothecs, security interests, trusts, deemed trusts (whether contractual, statutory or otherwise), pledges, executions, rights of first refusal or other pre-emptive rights in favour of third parties, mortgage, liens, assignments, judgments, executions, writs of seizure and sale, options, adverse claims, levies, charges, obligations, liabilities (direct, indirect, absolute or contingent), or other claims or encumbrances, whether or not they have been attached or been perfected, registered or filed and whether secured, unsecured or otherwise (all of which are collectively referred to as the “**Encumbrances**”) including without limiting the generality of the foregoing, all rights, charges, security interests or claims evidenced by registrations of any province in Canada and the *Civil Code of Québec* ;
- [J] **ORDERS** that the Encumbrances be transferred to and conveyed upon, and thus charged, the proceeds from the sale of the Purchased Assets subject to all defects, attributes and considerations affecting and/or relating to the Encumbrances in existence prior to the said transfer;
- [K] **DECLARES** that the sale and assignment of the Purchased Assets shall have the same effect as a sale by judicial authority as per the provisions of the *Civil Code of Quebec*;
- [L] **ORDERS** that all of the Encumbrances affecting or relating only to the Purchased Assets be reduced and, where applicable, discharged, as against the Purchased Assets, subject to the following paragraphs hereof;
- [M] **ORDERS** the Land Registrar of the Land Registry for the Registration Division of Chambly, upon presentation by the Receiver (who shall do so promptly after the payment of the purchase price of the Transaction) of a certified copy of the present Order accompanied by the required application for registration and upon payment of the prescribed fees, to publish such Order and: (i) to proceed with an entry on the index of immovables showing the Purchaser as the absolute owner of Manoir St-Bruno as defined in the Motion, and (ii) to proceed with the cancellation of any and all of the Encumbrances on Manoir St-Bruno, including, without limiting the generality of the foregoing, the inscriptions bearing the following registration numbers 13 085 881, 14 828 829, 14 479 565, 14 938 662, 14 847 884, 14 436 488, 14 436 487, 15 835 336, 15 835 770, 15 859 362, 17 086 431, 17 086 366, 17 082 741 and 17 073 594;
- [N] **ORDERS** that the Receiver shall distribute the purchase price of the Transaction in the following order to the secured creditors : 1) Royal Bank of Canada, 2) HSBC Capital (Canada) Inc. and then, should there be enough proceeds remaining following distribution thereof to Royal Bank of Canada and HSBC Capital (Canada) Inc., in accordance with the priorities and securities of the other creditors;
- [O] **ORDERS** that notwithstanding:
- (a) any proceedings under the *Bankruptcy and Insolvency Act*;

- (b) any petitions for a receiving order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* and any received order issued pursuant to any such petitioner; or
- (c) the provisions of any Federal or Provincial statute;

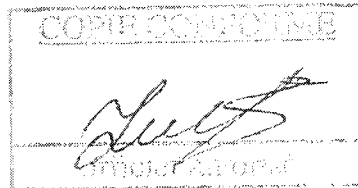
the vesting of the Purchased Assets in the Purchaser, as well as the execution of all agreements pursuant to the order to be granted pursuant to the Motion, shall be binding on any successor in interest, including any trustee, monitor or receiver that may be appointed under any applicable Federal or Provincial legislation, and shall not be void or voidable nor deemed to be a settlement, transfer at undervalue, fraudulent preference, assignment, fraudulent conveyance or other reviewable transaction under the *Bankruptcy and Insolvency Act* or any other applicable Federal or Provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation;

- [P] **ORDERS** that the Purchaser or the Receiver shall be authorized to take all such steps as may be necessary to effect the discharge of the Encumbrances as may be necessary;
- [Q] **ORDERS** that the confidential information memorandum (Exhibit R-6), revised offering summary (Exhibit R-7) and the Offer (Exhibit R-8) be kept confidential and under seal until the earlier of: i) the closing of the Transaction, or ii) further order of this Court;
- [R] **DECLARES** that the Receiver shall not be considered to operate or continue the business of the Debtor, for any purposes whatsoever;
- [S] **DECLARES** that the Receiver, without limiting the generality of the foregoing, shall benefit from the protection of Section 14.06 *Bankruptcy and Insolvency Act*;
- [T] **ORDERS** that the Receiver shall not, as a result of the order or anything done in pursuance of the Receiver's duties and powers under the order, be deemed to be in possession of any of the property of the Debtor within the meaning of any Federal, Provincial or other legislation, statute, regulation or rule of law or equity respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination and regulations;
- [U] **DECLARES** that the order shall have full force and effect in all of the provinces and territories of Canada and **REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to the order and to assist the Receiver and its agents in carrying out the terms of the present Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to the order or to assist the Receiver and its agents in carrying out the terms of the present Order;

- [V] **ORDERS** the provisional execution of this Order notwithstanding appeal;
- [W] **THE WHOLE** without costs.

Me Pierre Belland, registraire

, Registrar



# **EXHIBIT 6**

**RSM RICHTER INC., RECEIVER**

<b>4425537 Canada Inc. (Manoir St-Bruno)</b> <b>Statement of Receipts and Disbursements</b> <b>From October 1, 2010 to May 6, 2011</b>	
	<u>TOTAL</u>
<b>Receipts</b>	
Rental Revenues	\$ 2,755,057
Other Revenues	158,526
Advance of funds from RBC	166,825
Proceeds of Sale	37,800,000
Interest and others	4,566
Insurance claim payment	397,307
Reimbursement of prepaid expenses	14,909
	<u>41,297,189</u>
<b>Disbursements</b>	
Wages & Levies	766,178
Management Fees	138,359
Food	119,249
Insurance	30,834
Municipal and School Taxes	333,358
Utilities	215,300
Marketing & Commissions	22,975
Administration	110,187
Professional Fees - General	11,613
Professional Fees - Receiver/Trustee	265,659
Professional Fees - Legal	45,331
Professional Fees - Legal (re: Aecon)	44,676
Repairs & Maintenance	161,490
Capex	24,015
Repair of water damages	397,697
	<u>2,686,922</u>
<b>Net Cash Flow from Operations</b>	<b>38,610,267</b>
Mortgage Payment (RBC)	898,921
Mortgage Payout (RBC)	30,480,351
Mortgage Payout (HSBC)	6,944,536
<b>Net Cash Flow</b>	<b>286,459</b>
Opening Cash Position	132,587
<b>Closing Cash Position</b>	<b>\$ 419,046</b>

The above is an interim statement of receipts and disbursements and the closing cash position will be used to fund the balance of the Receiver's obligations as the invoices for goods or services rendered and professional fees are received.