

CANADA  
PROVINCE OF QUEBEC  
DISTRICT OF MONTREAL  
Court No: 500-11-046282-147  
500-11-046281-149  
Estate No: 0000206-2014  
0000207-2014

SUPERIOR COURT  
(Commercial Division)  
(*Sitting as a court designated pursuant to the  
Companies' Creditors Arrangement Act, R.S.C.  
1985, c. C-36, as amended*)

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**IN THE MATTER OF THE COMPANIES' CREDITORS  
ARRANGEMENT ACT, R.S.C. (1985), c. C-36 WITH  
RESPECT TO:**

**CASPERDINY IFB REALTY INC.**, a legal person duly incorporated under the laws of Canada, having its principal place of business at 3475 Mountain Street, Montreal, Quebec, H3G 2A4

-and-

**LES APPARTEMENTS CLUB SOMMET INC.**, a legal person duly incorporated under the laws of Canada, having its principal place of business at 3475 Mountain Street, Montreal, Quebec, H3G 2A4

Petitioners or Debtors

-and-

**RICHTER ADVISORY GROUP INC.**, a duly incorporated legal person having its principal place of business at 1981 McGill College Avenue, in the city and district of Montreal, Quebec, H3A 0G6

Monitor

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**REPORT OF THE MONITOR ON THE STATE  
OF PETITIONERS' FINANCIAL AFFAIRS,  
AUGUST 18, 2014**

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**INTRODUCTION**

1. On March 3, 2014, the Petitioners filed a Notice of Intention to Make a Proposal and Richter Advisory Group Inc. ("Richter") was named Trustee.

2. On March 12, 2014, the Petitioners filed with the Quebec Superior Court, a Motion for the Issuance of an Initial Order pursuant to Section 11 of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, C-36, as amended (the "CCAA"). On March 21, 2014, the Honourable Martin Castonguay, J.S.C., issued an initial order (the "Initial Order"), *inter alia* appointing Richter as monitor (the "Monitor").
3. On April 11, 2014, the Petitioners filed with the Quebec Superior Court, a Motion Seeking Extension of the Initial Order. On April 15, 2014, the Honourable Martin Castonguay, J.S.C., granted the Petitioners' motion and extended the Initial Order until May 29, 2014.
4. On May 28, 2014, the Petitioners filed with the Quebec Superior Court, a second Motion Seeking Extension of the Initial Order. On May 29, 2014, the Honourable Martin Castonguay, J.S.C., granted the Petitioners' motion and extended the Initial Order until July 3, 2014.
5. On July 2, 2014, the Petitioners filed with the Quebec Superior Court, a third Motion Seeking Extension of the Initial Order. On July 3, 2014, the Honourable Martin Castonguay, J.S.C., granted the Petitioners' motion and extended the Initial Order until July 18, 2014.
6. On July 17, 2014, the Petitioners filed with the Quebec Superior Court, a fourth Motion Seeking Extension of the Initial Order and seeking leave to transfer and surrender substantially all of the Debtors' assets outside the normal course of business. On July 18, 2014, the Honourable Martin Castonguay, J.S.C., granted the Petitioners' motion, and issued an Approval and Vesting Order extending the Initial Order until August 19, 2014 and approving the transaction between the Debtors and Timbercreek.
7. The purpose of this report is to inform the Court of the following:
  - General Corporate Information;
  - Financial Position and Cash Flow Projections;
  - Activities of the Monitor;
  - Request for an Extension of the Stay of Proceedings to September 26, 2014.
8. The information contained in this report is based on unaudited financial information as well as correspondence and discussions with representatives of the Debtors' former property management firm, Asta Corporation Inc., as well as the current property manager, Timbercreek (as this term is defined in the Initial Order), (hereinafter collectively defined as "Management"). The Monitor has not conducted an audit or other verification of such information and accordingly, no opinion is expressed regarding the accuracy, reliability or completeness of the information contained herein.
9. All amounts reflected in this report are stated in Canadian currency unless otherwise noted.

## GENERAL CORPORATE INFORMATION

10. Casperdiny IFB Realty Inc. (hereinafter "Casperdiny") is controlled by Casperdiny IFB Capital Inc. (a Canadian corporation), which, in turn, is wholly-owned by IFB Beteiligungen AG (a German publicly organized company) based in Düsseldorf. Les Appartements Club Sommet Inc. (hereinafter "Sommet") is a wholly-owned subsidiary of Casperdiny.
11. Together, the Debtors own and operate a 16-story, 291-unit apartment building located in downtown Montreal, on de La Montagne Street, corner Sherbrooke Street (hereinafter the "Property"). The Property is operated under the name Club Sommet.
12. The Debtors have no employees involved in the management of the Property. Also, all services relative to the operations of the Property and to tenants amenities are outsourced to third parties service providers.
13. Prior to July 18, 2014, the day-to-day property management and operations were outsourced to Asta Corporation Inc. (hereinafter "Asta"), a real estate services firm with its head office located at 555 Richmond West, Suite 300, Toronto, M5V 1Y6.
14. The property management agreement with Asta was terminated effective July 18, 2014. Pursuant to the Transfer and Surrender Agreement between Timbercreek and the Debtors, Timbercreek has been charged with simple administration of the Property between the execution date of the agreement and the closing of the Timbercreek Transfer. The administration of the Property is being performed without remuneration to Timbercreek.
15. Since the issuance of the Initial Order, the Debtors have continued to operate the Property in the normal course of business, which involves collecting rents, maintaining tenants services, collecting and returning tenants deposits, and pursuing efforts to lease up the Property.
16. We refer you to the report issued on March 18, 2014, by Richter, in its capacity as Proposed Monitor of the Petitioners and in support of the Petition for the issuance of an Initial Order, for details pertaining to the following:
  - General corporate information;
  - Historical events leading to the CCAA filing; and
  - Financial position and operating results pre-CCAA.

## FINANCIAL POSITION AND CASH FLOW PROJECTIONS

17. In conjunction with the filing of the Motion Seeking Extension of the Initial Order on July 17, 2014, Management prepared cash flow projections (the "Projections") for the period of July 12 to August 19, 2014. A copy of the Petitioners' Projections was included as Exhibit B to the Report of the Monitor on the State of the Petitioners' Financial Affairs, and in Support of the Motion Seeking Leave to Transfer and Surrender Substantially all of the Debtors' Assets outside the Normal Course of Business, dated July 17, 2014.
18. Details of actual cash flow results compared to the Projections for the period of July 12 to August 8, 2014 are included in **Exhibit A** entitled Operating Cash Flow for the Period July 12 to August 8, 2014.
19. As of August 8, 2014, the Debtors' book cash balances (net of outstanding checks) amounted to \$104,517. Of this balance, \$81,816 was held in 2 newly opened accounts in the name of Timbercreek Asset Management. The funds related to Club Sommet appear to be segregated from Timbercreek's other investments and businesses. Additionally, the balance of \$22,701 was held in the legacy Casperdiny bank accounts controlled by Asta.
20. Total cash on hand as of August 8, 2014, significantly exceeded the Projections. The positive cash flow variance vs. Projections resulted primarily from temporary disruptions in normal course management of the Property following the transfer of administration functions to Timbercreek.
  - Cash inflows were below the Projections, attributed by Management in part to temporary tenants holdbacks following a notice received to change the beneficiary of monthly rent payments from Casperdiny to Timbercreek. The Timbercreek management team has apparently been communicating with various tenants on an individual basis to explain the change in operations. In addition, there were limited collection efforts in the weeks after the management transfer;
  - Lower than projected cash inflows were more than offset by a significant positive variance in operating payments, as no disbursements, other than payroll, were made by Timbercreek between July 19 and August 8, 2014. This was due to delays in transitioning responsibilities to new accounting staff, and obtaining all necessary information (payable listings, invoices, contracts, etc.) either from Asta or the operations staff at the Property. During the week ended August 15, 2014, several calls were held between Timbercreek, Asta and the building manager to coordinate the payment of past due (post-filing) payables and organise cash flow management going forward.

21. In support of the requested extension of the Initial Order, Management has prepared revised cash flow projections (the "Updated Projections") for the period of August 9 to September 30, 2014 (the "Period"). A copy of the Debtors' Updated Projections is included as **Exhibit B**.
22. The Updated Projections reflect sufficient liquidity to pay accrued and unpaid operating costs since July 18, as well as maintain operations of the Property in the normal course through September 30, 2014, based on the following:
  - An opening cash balance as of July 9, 2014 of \$104,517;
  - Cash inflows of \$291,766 during the Period, reflecting the current occupancy rate and recent collection patterns;
  - Projected operating disbursements of \$288,031 during the Period include the payment of past due (post-filing) balances to Hydro Quebec, the Syndicate and other trade vendors, as well as payment in the normal course of all operating expenses for the Period;
  - Consistent with prior forecasts, the payment of school and property taxes is not contemplated, as it is assumed that this obligation will be honored by Timbercreek upon transfer of the Property;
  - \$49,000 of professional fees, primarily for Fasken Martineau and Richter, relative to the on-going CCAA process and closing of the transaction.
23. The Debtors' Updated Projections are based on financial and other information and assumptions provided by Management. The Updated Projections were prepared using probable assumptions supported and consistent with the plans of the Company for the Period, considering the economic conditions that are deemed the most probable by Management. Since the Projections are based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the Updated Projections will be achieved.

#### ACTIVITIES OF THE MONITOR

24. The Monitor's activities since the granting of the extension of the Initial Order on July 18, 2014, have included the following:
  - The Monitor has communicated regularly with the Debtors' directors, representatives of Asta and the accounting personnel of Timbercreek to carry out its duties including the requirement to monitor:
    - i) the Petitioners' cash flow and operations, and

ii) issues relative to the closing of the Transfer and Surrender Agreement with Timbercreek.

The Monitor has had numerous meetings and held frequent conference calls with Management and legal counsel with a view to keeping all parties apprised of material developments;

- The Monitor has responded to queries from the Debtors' unsecured creditors;
- The Monitor reviewed the Debtors' financial affairs and results;
- The Monitor drafted this Report and reviewed material to be filed by the Petitioners herewith;
- The Monitor has attended to other administrative and statutory matters relating to the Monitor's administration of this mandate.

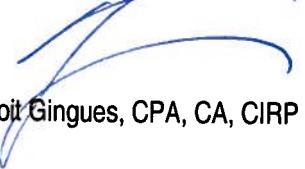
## **CONCLUSIONS AND RECOMMENDATION**

25. The Monitor is supporting the extension of the Initial Order until September 26, 2014, for the following reasons:

- A. At the present time, it is premature for the Petitioners to devise a Plan of Arrangement and present same to its creditors. The Petitioners are seeking an extension to September 26, 2014 ("Additional Period") in order to provide the additional time required to complete the closing of the Timbercreek Transfer in accordance with the Transfer and Surrender Agreement executed by Timbercreek and the Debtors.
- B. Considering the Updated Projections and funds currently available in the Debtors' accounts, the Petitioners are in a position to continue their operations on a going concern basis during the Additional Period.
- C. The Petitioners' Management has, and continues to act in good faith, with due diligence and has been cooperating with all stakeholders involved in this process, including but not limited to the Monitor and the Debtors' creditors.
- D. The Petitioners have not prejudiced their creditors as the Updated Projections indicate that they have sufficient liquidity to pay for all post-filing liabilities incurred since the date of filing and projected through the Additional Period.
- E. The extension sought will not materially prejudice any of the secured creditors.

Respectfully submitted at Montreal, this 18<sup>th</sup> day of August 2014.

**Richter Advisory Group Inc.**  
Monitor

  
Benoit Gingues, CPA, CA, CIRP

## Les Appartements Club Sommet

Operating Cash Flow for the period July 12 to August 8, 2014

	July 12-18 Projected	July 12-19 Actual <sup>(1)</sup>	July 12-19 Variance	July 19-31 Projected	July 19-31 Actual <sup>(1)</sup>	July 19-31 Variance	Total Variance July 12 to 31 2014	August 1-8 Actual Asta <sup>(1)</sup>	August 1-8 Actual Timbercreek <sup>(2)</sup>	August 1-8 Actual Total
<b>Cash Inflows</b>										
Rent Revenue	\$ 15 000	\$ 23 960	\$ 8 960	\$ 50 000	\$ 7 186	\$ (42 814)	\$ (33 854)	\$ 31 587	\$ 89 213	\$ 120 800
Parking	18 449	18 449	-	-	-	-	-	-	860	860
Other Income	-	-	-	-	-	-	-	-	-	-
Total Rent Collected	33 449	42 409	8 960	50 000	7 186	(42 814)	(33 854)	31 587	90 073	121 660
Deposits from New Leases	3 850	6 500	2 650	17 200	-	(17 200)	(14 550)	-	8 570	8 570
<b>Cash Inflow from Operations</b>	<b>37 299</b>	<b>48 909</b>	<b>11 610</b>	<b>67 200</b>	<b>7 186</b>	<b>(60 014)</b>	<b>(48 404)</b>	<b>31 587</b>	<b>98 643</b>	<b>130 230</b>
<b>Cash Outflows</b>										
Operating Salaries	24 103	24 054	49	16 220	6 397	9 823	9 872	16 300	16 827	33 127
Utilities	18 420	18 420	-	22 223	-	22 223	22 223	-	-	-
Repairs and Maintenance	12 611	12 611	-	5 000	-	5 000	5 000	-	-	-
Syndicate Fees	-	-	-	23 798	-	23 798	23 798	-	-	-
Leasing and Marketing	14 657	15 819	(1 162)	-	725	(725)	(1 887)	-	-	-
Corporate, Office and Other	7 930	8 440	(510)	950	-	950	440	1 884	-	1 884
<b>Cash Outflow from Operations</b>	<b>77 721</b>	<b>79 345</b>	<b>(1 623)</b>	<b>68 191</b>	<b>7 122</b>	<b>61 069</b>	<b>59 446</b>	<b>18 184</b>	<b>16 827</b>	<b>35 011</b>
<b>Net Cash Flow from Operations</b>	<b>(40 422)</b>	<b>(30 436)</b>	<b>9 987</b>	<b>(991)</b>	<b>64</b>	<b>1 055</b>	<b>11 042</b>	<b>13 403</b>	<b>81 816</b>	<b>95 219</b>
<b>Project Expenses</b>										
Professional Fees - CCAA	50 000	56 553	(6 553)	-	-	-	(6 553)	-	-	-
Project management	-	-	-	-	-	-	-	-	-	-
	50 000	56 553	(6 553)	-	-	-	(6 553)	-	-	-
<b>Net Cash Flow excl. Interest</b>	<b>(90 422)</b>	<b>(86 989)</b>	<b>3 434</b>	<b>(991)</b>	<b>64</b>	<b>1 055</b>	<b>4 489</b>	<b>13 403</b>	<b>81 816</b>	<b>95 219</b>
<b>Opening Cash Balance</b>	<b>96 223</b>	<b>96 223</b>	<b>-</b>	<b>5 801</b>	<b>9 234</b>	<b>3 433</b>	<b>3 433</b>	<b>9 298</b>	<b>-</b>	<b>9 298</b>
<b>DIP Loan Funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Ending Cash Balance</b>	<b>5 801</b>	<b>9 234</b>	<b>3 434</b>	<b>4 810</b>	<b>9 298</b>	<b>4 489</b>	<b>\$ 7 922</b>	<b>22 701</b>	<b>81 816</b>	<b>104 517</b>

Note 1: Represents cash flow activity in the bank accounts managed by Asta Corporation

Note 2: Represents cash flow activity in the bank accounts managed by Timbercreek

D. Mason-Stefanovic

## Les Appartements Club Sommet

Operating Cash Flow for the period August 9 to September 30, 2014

	August 9 to 31 Projected	September 1 to 30 Projected	Total Projected
<b>Projected Cash Inflows</b>			
Rents collected up to August 13 by TC	\$ 22 921	\$ 175 845	\$ 198 766
Casperdiny cheques on site	15 000	-	15 000
Estimated further collections	40 000	-	40 000
Parking	18 000	20 000	38 000
<b>Total Rent</b>	<b>95 921</b>	<b>195 845</b>	<b>291 766</b>
Deposits from New Leases	-	-	-
<b>Total Cash Inflow from Operations</b>	<b>95 921</b>	<b>195 845</b>	<b>291 766</b>
<b>Projected Cash Outflows</b>			
Operating Salaries	22 856	41 820	64 676
Utilities	27 000	19 000	46 000
Repairs and Maintenance	40 295	22 182	62 477
Syndicate Fees	57 902	29 000	86 902
Leasing and Marketing	9 276	5 000	14 276
Corporate, Office and Other Costs	10 700	3 000	13 700
<b>Total Cash Outflow from Operations</b>	<b>168 029</b>	<b>120 002</b>	<b>288 031</b>
<b>Projected Net Cash Flow from Operations</b>	<b>(72 108)</b>	<b>75 843</b>	<b>3 735</b>
<b>Projected Expenses</b>			
Professional Fees - CCAA	30 000	15 000	45 000
Project management	2 000	2 000	4 000
	<b>32 000</b>	<b>17 000</b>	<b>49 000</b>
<b>Projected Net Cash Flow excluding Interest</b>	<b>(104 108)</b>	<b>58 843</b>	<b>(45 265)</b>
<b>Opening Cash Balance</b>	<b>104 517</b>	<b>409</b>	<b>104 517</b>
<b>DIP Loan Funding</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Projected Ending Cash Balance</b>	<b>409</b>	<b>59 252</b>	<b>59 252</b>

Note: The above does not reflect outstanding property and school taxes of \$522,190 which amount is to be settled upon transfer of ownership.

*S. Mason-Stefanovic  
August 15, 2014*