

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)*

**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

**REPORT OF THE MONITOR ON THE STATE OF PETITIONERS'
FINANCIAL AFFAIRS AND THE PLAN OF ARRANGEMENT
SEPTEMBER 25, 2014**

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 Senior Mortgage Investment Corporation (hereinafter "Timbercreek").
7. On August 18, 2014, the Petitioners filed with the Quebec Superior Court, a fifth Motion Seeking Extension of the Initial Order. On August 19, 2014, the Honourable Martin Castonguay, J.S.C., granted the Petitioners' motion and extended the Initial Order until September 26, 2014.
8. On August 25, 2014, the Monitor filed the Monitor's Certificates, confirming the transfer of the Property (hereinafter defined) to Timbercreek, pursuant to a Transfer and Surrender Agreement approved by this honorable Court (the "Timbercreek Transaction").
9. 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;
 - Proposed Claims Process;
 - Anticipated Plan of Arrangement; and

- Monitor's Conclusions and Recommendations.
10. The information contained in this report is based on unaudited financial information as well as correspondence and discussions with the Debtors' directors, representatives of the Debtors' former property management firm, Asta Corporation Inc., as well Timbercreek. 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.
 11. All amounts reflected in this report are stated in Canadian currency unless otherwise noted.

GENERAL CORPORATE INFORMATION

12. 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.
13. Prior to the Timbercreek transaction, the Debtors, together, owned and operated a 16-story, 291-unit apartment building located in downtown Montreal, on de La Montagne Street, corner Sherbrooke Street (hereinafter the "Property"). The Property was operating under the name Club Sommet, and was managed by Asta as the Debtors had no employees.
14. Following the Timbercreek transaction, the Debtors are no longer carrying out any active business operations. The sole remaining assets of the Debtors consist of litigated claims to which the Debtors are parties to (hereinafter the "Sundry Assets").
15. 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

16. As of September 25, 2014, the Debtors' cash balances were Nil, as all remaining funds on hand were transferred to Timbercreek as of August 25, 2014, the closing date of the Timbercreek transaction (in accordance with the Transfer and Surrender Agreement).
17. The Debtors have prepared cash flow projections in support of the requested extension of the Initial Order to November 28, 2014 ("Additional Period"), reflecting no projected cash receipts or disbursements during the Additional Period. A copy of the Debtors' Updated Projections is included as **Exhibit A**. The absence of any cash flow activity is supported by the following facts:
 - A. The Debtors are no longer carrying out any active business operations, have no employees, and are not aware of any outstanding post-filing operating liabilities which were not assumed by Timbercreek.
 - B. It is assumed that the cost of pursuing litigation claims will be borne directly by the parent companies of the Debtors, who will be the ultimate beneficiaries of litigation proceeds (after payment of professional fees and the distribution under the anticipated plan of arrangement).
 - C. The professionals involved in preparing the present extension request and the anticipated plan of arrangement have agreed to defer payment of their fees until such time as the Debtors realize upon the Sundry Assets.
 - D. Any cash receipts relative to the realization of the Sundry Assets, and subsequent payment of professional fees and distributions to unsecured creditors pursuant to the anticipated plan of arrangement, are expected to occur outside of the Additional Period.

ACTIVITIES OF THE MONITOR

18. The Monitor's activities since the granting of the extension of the Initial Order on August 19, 2014, have included the following:
 - The Monitor has communicated with the Debtors' directors, as well as representatives of Asta and 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 held frequent conference calls with the directors and legal counsel, with a view to keeping all parties apprised of material developments and to discuss a plan of arrangement;

- The Monitor issued the Monitor's Certificates confirming that all conditions of the Transfer and Surrender Agreement had been met, thereby confirming the completion of the Timbercreek Transaction.
- 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; and
- The Monitor has attended to other administrative and statutory matters relating to the Monitor's administration of this mandate.

PROPOSED CLAIMS PROCESS

19. As set forth in the motion and draft order filed with the Court on September 25, 2014, the Debtors are seeking approval for a claims process to be conducted by the Monitor subject to the following timeline:
- A. The Monitor shall publish on its website a copy of the creditors' list, creditors' instructions and the proposed order no later than September 29, 2014;
 - B. A newspaper notice shall be published by the Monitor in La Presse no later than October 4, 2014;
 - C. The Monitor shall send, by regular mail, a copy of the creditors' instructions to each known creditor no later than October 4, 2014;
 - D. The Claims Bar Date shall be set for October 31, 2014;
 - E. The Monitor shall be authorized to call, hold and conduct the creditors' meeting at a date to be determined by the Monitor, for the purpose of considering and, if appropriate, approving the Plan;
 - F. The Monitor shall publish on its website, and send to all known creditors by regular mail, the following documents on or before November 7, 2014:
 - a. a notice of the creditors' meeting;
 - b. the Plan;
 - c. a copy of the form of proxy for creditors; and
 - d. a copy of the proposed order.

ANTICIPATED PLAN OF ARRANGEMENT

20. Casperdiny IFB Capital Inc. (hereinafter "Capital"), the Debtor's parent company, currently holds a security interest in the Debtors' assets amounting to \$25,000,000. Proceeds from the Sundry Assets are expected to be well below the amount of Capital's secured claim.
21. We understand that Capital and other unsecured creditors related to the Debtors have agreed to renounce their portion of any distribution in the context of a Plan of Arrangement. As a result, total unsecured claims subject to a distribution under a Plan of Arrangement approximate \$1,000,000, as follows:

<u>Estimated Unsecured Creditor Claims</u>			
	Related Party Creditors	Unrelated Creditors	Total
Casperdiny IFB Realty Inc.	\$ 5,730,482	\$ 905,981	\$ 6,636,462
Les Appartements Club Sommet Inc.	-	71,469	71,469
Total	\$ 5,730,482	\$ 977,450	\$ 6,707,932

22. The above noted analysis is based upon identified creditors as of March 6, 2014, the date of filing of the Debtors' NOI. The Debtors have advised that they are not aware of any outstanding post-filing operating liabilities which were not assumed by Timbercreek. A full list of creditors and their respective potential claims is reflected in **Exhibit B**.
23. Capital has agreed to renounce to an amount of \$100,000 from the realization proceeds of the Sundry Assets in order to fund the Debtors' plan of arrangement. As such, the Debtors intend to submit a Plan of Arrangement to their creditors which will essentially offer to them an amount of \$100,000 out of the Sundry Assets' anticipated realization proceeds, in full and final payment of their respective claims (hereinafter the "Plan");
24. Based on the foregoing, the Plan contemplates an estimated 10% recovery to non-related unsecured creditors of the Debtors.
25. Given that Capital holds secured debt well in excess of the potential proceeds from the Sundry Assets, it is unlikely that the unsecured creditors will realize any recovery of their debt absent the approval of the Plan.

MONITOR'S CONCLUSIONS AND RECOMMENDATIONS

26. The Monitor is supporting the extension of the Initial Order until November 28, 2014, for the following reasons:
- A. The Petitioners are seeking an extension to November 28, 2014 in order to provide the additional time carry out a claims process and seek approval from its creditors for the Plan.
 - B. The Debtors do not anticipate any cash disbursements during the Additional Period.
 - C. The Petitioners' directors have, and continue to act in good faith, with due diligence and have been cooperating with all stakeholders involved in this process, including but not limited to the Monitor and the Debtors' creditors.
 - D. The extension sought will not materially prejudice any of the creditors.
27. The Monitor is of the opinion that if the Plan is not approved by the Court or the creditors, it is unlikely that the unsecured creditors will realize any recovery of their debt in view of the significant prior ranking secured claim of Capital (\$25,000,000).

Respectfully submitted at Montreal, this 25th day of September 2014.

Richter Advisory Group Inc.
Monitor


Benoit Gingues, CPA, CA, CIRP


Eric Barbieri, CPA, CA

EXHIBIT A

**Les Appartements Club Sommet Inc. and
Casperdiny IFB Realty Inc.
Combined Cash Flow Projections
for the period September 26 to November 28, 2014**

	Sept. 26 to Oct. 31 2014 Projected	Nov. 1 to Nov. 28, 2014 Projected	Sept. 26 to Nov. 28, 2014 Total
Cash Inflows	\$ -	\$ -	\$ -
Cash Outflows	-	-	-
Net Cash Flow	-	-	-
Opening Cash Balance	-	-	-
Ending Cash Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

J. Mason - Stefanovic
Sep. 25, 2014

EXHIBIT B

CASPERDINY IFB REALTY INC.
Estimated Unsecured Creditor Claims

Creditor name	Related Party Creditors	Unrelated Creditors	Total
Rhino Media Group		\$5,518.75	\$5,518.75
Vortex Solutions		\$442.65	\$442.65
Café Des Ameriques		\$1,229.52	\$1,229.52
Casperdiny IFB Capital Inc.	\$5,477,920.00		\$5,477,920.00
ChauvelCo Realty Inc.	\$25,884.00		\$25,884.00
ConceptPlus.ca		\$2,920.37	\$2,920.37
CSST		\$602.03	\$602.03
Daniel Cooper		\$2,393.21	\$2,393.21
Drummond Mountain LP		\$521,798.00	\$521,798.00
Fasken Martineau DuMoulin LLP		\$84,905.04	\$84,905.04
Immoparc Holdings Two Canadian Properties		\$218,791.00	\$218,791.00
Imprimerie Express Art		\$339.18	\$339.18
Integra Investigation Services Ltd.		\$79.10	\$79.10
Irving Mitchell Kalichman		\$9,609.61	\$9,609.61
LaFlamme Nadeau		\$620.87	\$620.87
Les Appartements Club Sommet Inc.	\$226,677.77		\$226,677.77
Lettrage DRG Inc.		\$1,026.17	\$1,026.17
Millowitz Hodes Bergeron		\$7,579.43	\$7,579.43
Navigant Consulting LJ Inc.		\$32,559.36	\$32,559.36
NEBS Business Products Limited		\$363.67	\$363.67
Poste Destination		\$45.44	\$45.44
Premier Canada Maid Service Inc.		\$87.38	\$87.38
Rammal		\$1,163.54	\$1,163.54
Spiegel Sohmer		\$13,779.92	\$13,779.92
Vertuose Inc.		\$126.48	\$126.48
	\$5,730,481.77	\$905,980.72	\$6,636,462.49

LES APPARTEMENTS CLUB SOMMET INC.
Estimated Unsecured Creditor Claims

Creditor name	Related Party Creditors	Unrelated Creditors	Total
A.P. Pacific Inc.		\$275.94	\$275.94
ADT Security Services Canada		\$302.05	\$302.05
M.A. Baulne Inc.		\$5,073.85	\$5,073.85
Bell Canada		\$690.10	\$690.10
Bell Canada		\$173.14	\$173.14
Bertrand Durand Inc.		\$10,364.18	\$10,364.18
Chubb Edwards		\$4,705.93	\$4,705.93
Cogeco Data Services Inc.		\$1,724.63	\$1,724.63
Debsel Inc.		\$535.78	\$535.78
Desjardins Card Services		\$463.88	\$463.88
Fasken Martineau DuMoulin LLP		\$2,571.17	\$2,571.17
Gaz Metro Plus		\$491.81	\$491.81
Gilles Cayouette		\$477.36	\$477.36
Hydro Quebec		\$15,442.33	\$15,442.33
Independent Elevator		\$6,360.71	\$6,360.71
Jowatel Telecommunications Inc.		\$66.12	\$66.12
Labrador		\$56.37	\$56.37
La Chaine D'Extermination		\$574.87	\$574.87
Larochelle Electrique		\$699.23	\$699.23
McCopier		\$235.96	\$235.96
Portes De Garage Superieur Inc.		\$436.90	\$436.90
Protection Incentie MCI		\$2,644.65	\$2,644.65
Nasa Technologies		\$1,322.16	\$1,322.16
Serrurier Lacroix		\$786.09	\$786.09
Serrurier Lionel Locksmith		\$516.82	\$516.82
TTI Environnement		\$906.39	\$906.39
Videotron		\$13,570.78	\$13,570.78
	\$0.00	\$71,469.20	\$71,469.20