

DIVISION NO.: 01 – Montreal  
COURT NO.: 500-11-060843-220  
ESTATE NO.: 41-344733

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**FOURTH INTERIM REPORT OF THE RECEIVER**  
Paragraph 246 (2) of the *Bankruptcy and Insolvency Act*

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**10542113 CANADA INC. AND FLORA I LIMITED PARTNERSHIP**

**A. BACKGROUND**

1. On March 30, 2022, MNP Ltd. was appointed as Receiver (“**MNP**” or the “**Receiver**”) to the assets of 10542113 Canada Inc. and Flora I Limited Partnership (jointly the “**Debtors**”), pursuant to section 243 of the *Bankruptcy and Insolvency Act*, by an Order (the “**Order**”) issued by the Honorable Justice Philippe Bélanger, of the Superior Court of Quebec for the District and the Division of Montreal, (the “**Court**”). A copy of the Order as well as other documents related to the case can be consulted on our website at: <https://mnpdebt.ca/en/corporate/corporate-engagements/flora-i-ltd-and-10542113-canada-inc>
2. Flora I Limited Partnership (“**Flora**”) is a partnership that was established for the purpose of developing residential properties (the “**Flora Project**”) on lot 5 599 420 of the cadastre of Quebec, land registration division of Montreal in the borough of Lachine (the “**Flora Property**”).
3. 10542113 Canada Inc. (“**1054**”) is the general partner of Flora and its sole Director is Mr. Paolo Catania (the “**Director**”).
4. The Receiver has issued interim reports on its administration to the creditors and the Superintendent of Bankruptcy on September 30, 2022, March 30, 2023, and September 30, 2023, and can be consulted on our website.
5. On November 6, 2023, the Honorable Judge Martin F. Sheehan, J.S.C. granted « *l’Ordonnance sur la Demande d’élargissement des pouvoirs du séquestre* » (« **Approval Order** ») and authorized the Receiver to file an assignment of the Debtor’s assets under section 49 to the BIA and to initially appoint MNP trustee to the bankruptcy of Flora and 1054, subject to creditor approval.
6. Consequently, as an authorized and court-appointed Receiver via the Approval Order, MNP filed an assignment for both companies, Flora and 1054, on November 15, 2023.
7. The purpose of the fourth report is to update the creditors as to what has transpired since the Receiver’s last report.

## B. RESTRICTIONS AND LIMITATIONS

8. In preparing this report, the Receiver has relied upon unaudited financial information obtained from the Debtors' books and records and public records.
9. MNP has not audited, reviewed or attempted to verify the completeness and accuracy of the information in accordance with the recognized principles of the Canadian Institute of Chartered Professional Accountants, and as such MNP is not providing any opinion on the financial information of the Debtors.

## C. ASSETS

10. The Flora Project, which is partially completed, was to include three condo towers for a total of 181 units.

	Real Estate Flora Project	Sqr. Ft.	Planned Residential Units
1	La Tour A	44 918	40
2	La Tour B	61 568	66
3	La Tour C	70 976	75

11. As of today, Tower A is at its final height and the exterior is almost complete. For the remaining towers, only the first few floors of Tower B have been completed and Tower C remains to be built.
12. The Receiver obtained accounting information pertaining to the Debtors and received pre-receivership tax credits from September 2021 to March 2022.
13. The Receiver has confirmed the ownership of the materials and supplies located on the property of third parties and this continues to be dealt with in due course.

## D. CREDITORS

14. The creditors are described hereafter:

Creditors <sup>1</sup>	Amount (in CAD \$)
<b>Secured Creditors</b>	
Parties holding legal hypothecs of construction against the Flora Property	19,799,040 <sup>2</sup>
Romspen Investment Corporation (" <b>Romspen</b> ")	31,657,450 <sup>3</sup>
Aviva Insurance Company of Canada (" <b>Aviva</b> ")	5,826,201 <sup>4</sup>
HRM Projet Villanova Inc. (" <b>HRM</b> ")	7,000,000
	64,282,691
<b>Unsecured Creditors</b>	7,568,799

1. No formal claims process has yet been initiated in the Receivership proceedings however, a statutory claims process exists under the parallel bankruptcy proceedings.

2. These amounts reflect those indicated on the index of immovables registry with respect to parties holding legal hypothecs (construction liens) published against the Flora Property as of September 11, 2023.

3. Based on Romspen's statement of account dated March 8, 2024.

4. Aviva's claim (the maximum amount being \$6,100,000 is subject to any amounts which may be paid by Aviva to parties who have provided a deposit on a unit in the Flora Project (known as promissory purchasers).

15. The following creditors hold security interests published against the Flora Property<sup>5</sup>:

- a. An Administration Charge of \$100,000 on the Flora Property, which ranks senior to all security interests.
- b. Parties with legal hypothecs of construction which rank in priority to the following security interests described below.
- c. A Receiver's Borrowing Charge in the aggregate amount of \$2,040,000 securing the Interim Financing Facility which ranks ahead of all security interests except those of holders of legal hypothecs of construction and the Administration Charge.
- d. With respect to conventional hypothecs:
  - i. Romspen holds a senior ranking conventional hypothec (the "**Romspen Hypothec**");
  - ii. Aviva holds a conventional hypothec ranking junior to the Romspen Hypothec (the "**Aviva Hypothec**"); and
  - iii. HRM holds a conventional hypothec ranking junior to the Romspen Hypothec and the Aviva Hypothec.

<sup>5</sup> Any mention of rank of security is based solely on the publications and information appearing at the index of immovables and in no way constitutes or is to be construed, used or interpreted as an opinion on rank or the validity of any security.

## **E. EFFORTS TO DISPOSE OF PROPERTY**

16. Due to the present market conditions and interest rates, the pool of potential buyers is seriously reduced. During the fourth interim Report period, the Receiver focused on maintaining the Flora Property and dealing with the issuance of a permit, the whole as discussed below.

## **F. PERMIT ISSUE**

17. As previously mentioned in our Third Interim Report, the Court determined that the existing permit at the time of the Receivership expired on April 1, 2023.
18. As a valid construction permit should optimize the value of the Flora Project, the Receiver, together with the help of numerous construction professionals, began the process of obtaining a new permit just after receiving the “*Judgment on motion for directions*” for the permit on March 31, 2023.
19. There were several discussions and meetings with the borough of Lachine and after several months of application procedures, the Receiver obtained a new permit for the Flora Project at the end of December 2023. Romspen has financed this undertaking in an attempt to maximize the project’s value. The Permit is for another 3-year period and is essentially based on the same conditions of the original permit.
20. With the new permit, the intention is for the construction of the Flora project to resume.
21. Presently, the Flora Project has been and will continue to undergo work related to its preservation and protection, the whole as set forth in the Order.

## **G. INSURANCE**

22. The insurance currently in force expires on March 30, 2024, and the process is already underway to renew and/or obtain an insurance product such that the Flora Project will continue to be insured without any lapse in coverage.

## **H. LIEN CLAIMS AND CONSERVATION AND PRESERVATION WORK**

23. The Receiver, together with Romspen have worked to settle some of the construction liens encumbering the Flora Property. There are a few liens remaining, but the two most significant liens in value, Upbrella and Les Entreprises QMD Inc, have been settled. Discussions are continuing with the remaining construction lien holders.
24. The cleaning team, Inflector Environmental Services, has finished cleaning and disposing of all the unusable material or equipment, making sure that Tower A’s condition does not deteriorate, and at the same time making it ready should construction resume.

25. The temporary roof that was installed prior to the Receivership was no longer sufficient to protect the building from the elements. The borough of Lachine authorized the Receiver to build a new roof and to complete the exterior protective coatings. Romspen advanced the necessary funds to complete the work which was completed on December 15, 2023.

#### **I. GENERAL**

26. In order to protect the building during the winter months, it was necessary for the Receiver to hire a contractor to seal exposed areas throughout the Flora Property and reconnect the gas with Energir in order to reinstall heaters.
27. As part of the continuing measures relating to the conservation and preservation of the property, the Receiver as required, hired various plumbing and electrical professionals for various maintenance and/or repairs.

#### **J. INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS**

28. An interim statement of receipts and disbursements has been produced for the period from March 30, 2022, to February 29, 2024, and is included in **Appendix A**.

#### **K. ANTICIPATED COMPLETION OF THE RECEIVERSHIP**

29. As of the date of this report, due to the potential timing to get a bid, the Receiver anticipates completing the realization of the Debtors' assets within the next three (3) to six (6) months.

DATED at Montréal, this 28<sup>th</sup> day of March 2024.

#### **MNP Ltd**

In its capacity as Court appointed Receiver of  
10542113 Canada Inc. and Flora I Limited Partnership  
And not in its personal or corporate capacity



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

Encl.

## APPENDIX A

IN THE MATTER OF THE RECEIVERSHIP OF  
10542113 CANADA INC. AND FLORA I LIMITED PARTNERSHIP

INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS  
for the period of March 30, 2022 to February 29, 2024

RECEIPTS	(\$)	(\$)
<b>Realisation of Asset:</b>		
Cash in bank		263.22
<b>Miscellaneous:</b>		
Advances from creditor		2,279,618.77
Advances From Secured Creditor (DIP)		1,584,646.29
Interest Allocation		31,254.40
Refund Énergir		28,856.94
Settlement		9,364.30
Property Tax refund		2,200.18
<b>Taxes:</b>		
Refund of CTI		311,927.71
Refund of RTI		652,655.77
<b>TOTAL RECEIPTS</b>		<b><u>4,900,787.58</u></b>
<b>DISBURSEMENTS</b>		
<b>Paid Fees:</b>		
Filing Fees Paid to Official Receiver		72.97
<b>Stock Taking and Possession</b>		3,446.50
<b>Premium:</b>		
Insurance		167,676.91
<b>Notice and Statement of Receiver</b>		
To 71 creditors	355.00	
Postage on general correspondence	<u>71.00</u>	426.00
<b>Receiver's Interim Reports</b>		
To 71 creditors	355.00	
Postage on general correspondence	<u>63.90</u>	418.90

CANADA  
PROVINCE OF QUEBEC  
DISTRICT OF MONTREAL  
DIVISION NO: 01-Montreal  
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FILE NO: 41-344733

APPENDIX A  
SUPERIOR COURT  
Commercial Chamber

IN THE MATTER OF THE RECEIVERSHIP OF  
10542113 CANADA INC. AND FLORA I LIMITED PARTNERSHIP

INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS  
for the period of March 30, 2022 to February 29, 2024

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<b>Miscellaneous Disbursements:</b>		
Permit (City of Montréal)	1,283,688.71	
Maintenance, Supervision & Repair	980,815.95	
Operating Expenses	429,690.62	
Utilities	186,427.08	
Security / Monitoring	155,836.69	
Consultants	78,158.05	
Interest payments on DIP	53,867.65	
Property Management	43,426.64	
Appraisal fees	42,000.00	
Settlement	33,332.90	
Municipal Taxes	31,051.19	
Professional Fees	18,524.50	
Administrative Disbursements	13,751.72	
School Taxes	3,859.40	
Bank Charges	4.95	3,354,436.05
<b>Sub-Total of Disbursements</b>		<u>3,526,477.33</u>
<b>Receiver Fees</b>		467,312.41
<b>Legal Fees/Disbursements</b>		240,662.36
<b>Taxes:</b>		
GST Charged on Receiver Remuneration	23,396.89	
QST Charged on Receiver Remuneration	<u>46,676.68</u>	70,073.57
GST on Legal Fees	12,007.83	
QST on Legal Fees	<u>23,955.59</u>	35,963.42
GST Paid on Disbursements Exclusive of Fees	94,673.90	
QST Paid on Disbursements Exclusive of Fees	<u>188,988.35</u>	283,662.25
<b>TOTAL DISBURSEMENTS</b>		<u><u>4,624,151.34</u></u>
<b>AMOUNT HELD IN TRUST BY THE RECEIVER</b>		<u><u>276,636.24</u></u>