

DIVISION NO.: 04 – SAINT-FRANÇOIS
COURT NO.: 450-11-000012-215
ESTATE NO.: 42-045484 / 42-045485

FINAL REPORT OF THE RECEIVER

Paragraph 246 (3) of the *Bankruptcy and Insolvency Act*

SOCIETE EN COMMANDITE INDUSTRIEL-LEGER & 9058-0150 QUEBEC INC.

MNP Ltd. (« MNP » or the « Receiver »), acting as receiver to the assets of Société en commandite Industriel-Léger (“SEC”) & 9058-0150 Quebec Inc. (“9058”) (jointly the “Debtors”) reports to the Superior Court of Quebec, Commercial Division for the district of Saint-François (the “Court”) to present the actions taken by the Receiver, to request that the Court approve the final statement of receipts and disbursements and to order the release of the Receiver.

A. BACKGROUND

1. On March 26, 2021, MNP was appointed as Receiver to the assets of SEC and 9058, pursuant to section 243 of the *Bankruptcy and Insolvency Act*, by an Order (the “Order”) rendered by the Honorable Justice Gaétan Dumas, of 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/sec-industriel-leger/>.
2. SEC was a limited partnership set up for the purpose of owning, managing and operating real estate properties located in Magog and Sherbrooke, Quebec.
3. 9058 was the general partner of SEC and was owned by Paul Kanwal.
4. On July 5, 2022, both SEC and 9058 filed assignments in bankruptcy pursuant to the Approval and Vesting Order (the “AVO”) rendered by the Honourable Gaétan Dumas, J.S.C. on February 18, 2022.
5. On September 27, 2021, the Receiver filed an interim report on its administration (**Appendix A**), on March 25, 2022, the Receiver filed a second interim report on its administration (**Appendix B**), on September 26, 2022, the Receiver filed a third interim report on its administration (**Appendix C**), on March 24, 2023, the Receiver filed a fourth interim report on its administration (**Appendix D**) and on September 26, 2023, the Receiver filed a fifth interim report on its administration (**Appendix E**). For more background information, please refer to these reports.

B. RESTRICTIONS AND LIMITATIONS

6. In preparing this Report, the Receiver has relied upon unaudited financial information obtained from the Debtors' books and records and public records.
7. 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.
8. Currency is in Canadian dollars except if otherwise noted.

C. ADMINISTRATION OF ASSETS UNDER THE CONTROL OF THE RECEIVER

9. Pursuant to paragraph 12.3 (l) of the Order, the Receiver had established a sale process of the properties of the Debtors (the "Properties") to solicit potential purchasers by way of a call for tenders. Further information on the sale process is available in the *Report of the Receiver in Conjunction with the AVO* filed in the Court record on February 14, 2022.
10. Further to the granting of the AVO on February 18, 2022, the Receiver completed the sale of the five properties of SEC (the "Properties") as per the Agreement of Purchase and Sale, as more fully described in the *Application for Authorization to Proceed with a Distribution* dated August 3, 2022, filed in the Court record on the same date.
11. The net realization proceeds of the five Properties were as follows:

#	Address of Property	Date of Sale	Market Value as at April 29, 2020 ¹	Net Realization (in CAD \$) ²	Note
1	Garlock Lot 1 395 055 Property	Feb. 25, 2022	1,215,000	1,257,066	
2.1 & 2.2	Garlock Lot 1 395 054 Property	Mar. 18, 2022	2,330,000	2,731,619	3
3	Industrial Sherbrooke Property	Jun. 1, 2022	2,625,000	2,740,242	
4	Industrial Magog Property	Jun. 1, 2022	2,555,000	3,327,883	
			\$8,725,000	\$10,056,810	

Note:

1. The values are from a commissioned appraisal report of the immovables as of April 29, 2020, and as appears from the Court record.
2. All priority taxes were paid from the sale proceeds at the time of closing by the notary.
3. Garlock Lot 1 395 054 consists of two properties: 4221-4249 Garlock Steet, Sherbrooke & 4253-4283 Garlock Street, Sherbrooke.

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12. As reported in the third interim report, the Receiver had filed an application with the Superior Court to recover from EKIP, the tenant at the Industrial Magog Property, the unpaid water taxes as part of the rent. The Receiver and EKIP settled out of court and received all monies for the unpaid taxes.
 13. On August 8, 2022, a Court order (the "Distribution Order") was issued authorizing the distribution of the capital and interest to Consolidated Capital G.P. and 9286-2929 Québec Inc. in full satisfaction of their secured claims in these receivership proceedings.
 14. The Court also authorized an interim distribution to FWCU Capital Corp. in partial payment of its secured claim in these receivership proceedings.
 15. Furthermore, the Distribution Order ordered, *inter alia*, that the Receiver keep a minimum reserve of \$300,000, to guarantee the payment of any and all amounts which could be allocated to the assets of SEC and 9058 on account of the Administration Charge of \$300,000 (the "CCAA Administration Charge") that was granted during the *Companies' Creditors Arrangement Act* proceedings in file number 450-11-0000115-208 (the "CCAA").
 16. On January 10, 2023, the Court rendered its decision and ordered that the CCAA Administration Charge in the CCAA was to be allocated solely to the Kanwal Receivership. The Receiver is no longer required to reserve the said amount from the proceeds of realization of the Debtors' property.
 17. On April 20, 2023, the Court rendered its decision and ordered the Land Register and the Register of Personal and Real Rights to radiate the entries relating to the Properties.
 18. Paul Kanwal, ex-director of 9058 owes approximately an amount of \$48,211.92 to SEC. The debt consists of an advance receivable in the amount of \$22,652.92, as per the limited books and records obtained from the Debtors and a further amount of \$25,559.00, including interest, consisting of rental revenues (\$200 per month from an undisclosed tenant) that Paul Kanwal personally collected from such tenant from October 2012 to February 2021.
 19. The Receiver requested, by letters dated November 12, 2021, and December 2, 2021, payment for the amounts owed by Paul Kanwal. Finally, on February 17, 2023, a demand letter, sent by the Receiver's counsel, Me Nicolas Brochu, was sent to Paul Kanwal requesting payment for the amounts due before February 28, 2023.
 20. Taking into account, *inter alia*, the sums involved and the inherent uncertainty and costs of litigation, the Receiver has decided not to pursue these claims against Paul Kanwal.
 21. The Receiver can now proceed with the final distribution as shown in the Final Statement of Receipts and Disbursements included as **Appendix F**.

D. DISCHARGE OF RECEIVER

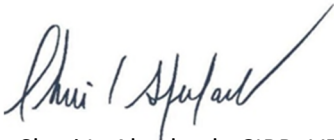
The Receiver having realized all the Debtors' assets and having completed its administration, asks the Court:

- a. To approve the Final Statement of Receipts and Disbursements;
- b. Order the discharge of the Receiver.

Dated in Montréal, Québec, this 6th day of October 2023.

MNP LTD

In its capacity as Receiver to the property of:
Société en commandite Industriel-Léger & 9058-0150 Quebec Inc.
and not in its personal or corporate capacity



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

APPENDIX A

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF SAINT-FRANÇOIS

SUPERIOR COURT
(Commercial division)

DIVISION NO.: 04 – SAINT-FRANÇOIS
COURT NO.: 450-11-000012-215
ESTATE NO. : 42-045484 / 42-045485

FIRST INTERIM REPORT OF THE RECEIVER

Paragraph 246 (2) of the *Bankruptcy and Insolvency Act*

SOCIETE EN COMMANDITE INDUSTRIEL-LEGER & 9058-0150 QUEBEC INC.

A. BACKGROUND

1. On March 26, 2021, MNP Ltd. was appointed as Receiver (the “Receiver”) to the assets of Société en commandite Industriel-Léger (“SEC”) & 9058-0150 Quebec Inc. (“9058”) (jointly the “Debtors”), pursuant to section 243 of the *Bankruptcy and Insolvency Act*, by an Order (the “Order”) rendered by the Honorable Justice Gaétan Dumas, of the Superior Court of Quebec for the District and the Division of Saint-François, (the “Court”). 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/sec-industriel-leger/>.
2. SEC is a limited partnership set up for the purpose of owning, managing and operating real estate properties located in Magog and Sherbrooke, Quebec.
3. 9058 is the general partner of SEC and is owned by Paul Kanwal.
4. Prior to the receivership proceedings, on January 28, 2021, Kanwal Inc. (a related company to the Debtors) and 9058 filed and Application for an Initial Order under the *Companies’ Creditors Arrangement Act* (“CCAA”). An initial order was rendered on the following day, granting a stay of proceedings in respect of 9058 for an initial delay of 10 days, which was extended subsequently until March 19, 2021. No further extension was granted.
5. Subsequent to the nomination of the Receiver, the sole director of 9058, Paul Kanwal, resigned his position.
6. Upon taking possession of the debtors’ assets, the Receiver only received a part of the books and records of the Debtors, in electronic format saved on a USB stick. There were no employees on record either as all employees worked for the affiliate company of SEC and 9058, Kanwal Inc. (“Kanwal”).

7. The Receiver was never granted access to the Debtor's computers as they were intertwined with the books and records of Kanwal, as well as other related entities.

A. ASSETS

8. The Debtor's assets include the following properties :

Building Address	Market Value as at April 29, 2020 ¹ (in CAD \$)
1 1426-1428 Boul. Industriel, Magog	\$2,555,000
2 4220-4248 rue de la Garlock, Sherbrooke	1,215,000
3.1 4221-4249 rue de la Garlock, Sherbrooke	1,165,000
3.2 4253-4283 rue de la Garlock, Sherbrooke	1,165,000
4 4310-4364 Boul. Industriel, Sherbrooke	2,625,000
	\$8,725,000

9. On March 29, 2021, in virtue of the Order, the Receiver took possession of all five properties. The Receiver visited all the locations to secure the assets and communicated with all tenants advising them of the Order and directing them to pay their rent to the Receiver henceforth.
10. There are no other known assets of the Debtors.
11. All properties were properly insured prior to the appointment of the Receiver through Groupe Kanwal Inc. until October 1, 2021. The Receiver will subscribe to a new insurance policy starting October 1, 2021.

¹ The values are from a commissioned appraisals report of the immovables as at April 29, 2020.

B. CREDITORS

12. As at March 26, 2021, the known creditors of the Debtors and the estimated amount of their claims are as follow:

Creditors	Estimated as at (in CAD \$)
Secured Creditors	
9286-2929 Québec Inc	\$4,300,000
Consolidated Capital G.P.	1,300,000
FWCU Capital Inc.	12,446,167
Ville de Sherbrooke	98,514
Ville de Magog	51,868
Commission Scolaire de la Région-de-Sherbrooke	10,591
Commission Scolaire des Sommets	2,321
	\$18,209,461²
Unsecured Creditors	\$83,439

13. The following creditors hold security on the Debtors' assets:

- a. 9286-2929 Quebec Inc. ("9286") has a hypothec on all five properties and a hypothec on SEC's movable property.
- b. Consolidated Capital G.P. ("Consolidated") has a hypothec on the property located at 1426-1428 Boul. Industriel, in Magog, and a hypothec on SEC's movable property.
- c. FWCU Capital Inc. has a hypothec on all five properties and a hypothec on SEC's movable property.

C. ASSET REALIZATION

14. On or around March 31, 2021, 9286 and Consolidated served a *Notice of Withdrawal of Authorization to Collect Rentals* ("Notice") to all the tenants notwithstanding that the Court had granted the Order on March 26.

15. This Notice caused confusion amongst the tenants and a few tenants withheld the April rent until the matter was to be adjudged.

² Interest payable on secured creditors' debt has not been considered. As of August 31, 2021, the interest claimed by 9286-2929 Québec Inc. is estimated at \$222,658 and the interest claimed by Consolidated Capital G.P. is estimated at \$67,315.

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16. On April 6, 2021, 9286 and Consolidated further filed an *Application to Revoke or Subsidiarily to Vary a Receivership Order* which hearing was heard before the Honourable Gaetan Dumas on April 20, 2021.
 17. The Receiver at this time was forced to engage legal counsel and filed its own motion entitled *Application for Directions and Other Ancillary Relief*.
 18. Following said hearing, on April 22, 2021, 9286 and Consolidated filed a *Notice of Discontinuance from their Application to Revoke or Subsidiarily and to Vary the Order*, radiated their initial Notice and sent letters to all the tenants to advise of same.
 19. Further to the above actions, the Receiver began collecting all the rents from all tenants.
 20. The property located at 4221-4249 rue de la Garlock, Sherbrooke, was vacant prior to the Receivership and remains vacant to this day.
 21. Upon taking possession of the properties, the Receiver discovered that a tenant, Granit Innovation R.K. Inc (“Granit”) who was already occupying the premises, did not have a signed lease. The Receiver was in active discussions with the tenant’s attorney about signing the lease and the unpaid rent. Granit subsequently declared bankruptcy on July 1, 2021. The Receiver negotiated with the Trustee of the bankruptcy for the occupation rent and replaced the tenant with a new tenant who currently has a month-to-month lease.
 22. The Receiver hired a property manager, Services FL, to secure and maintain the premises, to deal with issues in the course of the debtor’s operations and to protect the value of the buildings.

SALE PROCESS

23. Prior to instituting a formal sale process, the Receiver did receive multiple unsolicited offers for the purchase of the various properties. None of the offers were retained as they were not firm offers, the amounts offered were deemed to be insufficient, and in the interest of all the secured creditors required that the Receiver canvass the market prior to accepting any offer.
24. The Receiver then instituted a formal process to engage a real estate broker in order to market the properties. Four firms were selected to propose a sale process. Amongst the four, the Receiver retained the services of CBRE Limited (“CBRE”) as the exclusive real-estate broker for the sale of the properties.
25. In preparation of the sale process, the Receiver hired external firms to prepare building condition assessment reports, phase I environmental reports as well as new certificates of location for each of the properties.

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26. CBRE officially launched the bidding process on May 26, 2021. A confidential information memorandum (“CIM”) was completed, and the Data Room was opened. Over 1200 targets received a flyer. Of those, 42 executed a non-disclosure agreement (“NDA”), and 14 submitted bids in the first bidding round ended August 5, 2021. There was a second round of bids until August 8, 2021, and ultimately, one bid was selected by the Receiver.
27. The Receiver and the potential buyer signed a Definitive Purchase and Sale Agreement (“PSA”) on September 21, 2021. A due diligence period of forty-five (45) days is expected for the potential buyer to complete its review of the properties and waive all conditions under the PSA.

LEASE ASSIGNMENT

28. Kanwal, a tenant and affiliate company to SEC, was also placed under receivership on March 26, 2021. As part of the sale of the assets and undertaking of Kanwal in such receivership proceedings, the buyer thereof wanted to continue to lease the premises leased by Kanwal in the property located at 1426 Boul. Industriel, in Magog. In order to consent to an assignment of the lease, the Receiver accepted a settlement amount of \$100,000 for the cure costs after a thorough investigation of the situation and many discussions and negotiations. The assignment of the lease was approved by the Court on August 23, 2021.
29. At the present time, the assignment of the lease has not yet been completed but is expected imminently according to the information received by the Receiver from the receiver of Kanwal.

INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

30. An interim statement of receipts and disbursements has been produced for the period from March 26, 2021, to August 31, 2021, and is included as **Appendix A**.

ANTICIPATED COMPLETION OF THE RECEIVERSHIP

31. As of the date of this report, the Receiver expects to complete the realization of the Debtors’ assets within the next six (6) months to nine (9) months.

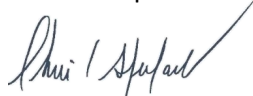
Dated in Montréal, Québec, this 27th day of September 2021.

MNP Ltée

In its capacity as Receiver to the property of:

Société en commandite Industriel-Léger & 9058-0150 Quebec Inc.

and not in its personal or corporate capacity



Sheri L. Aberback, CIRP, LIT, CFE

Senior Vice-President

IN THE MATTER OF THE RECEIVERSHIP OF
 SOCIÉTÉ EN COMMANDITE INDUSTRIEL-LÉGER & 9058-0150 QUEBEC INC.

INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS
 for the period of March 26, 2021 to August 31, 2021

RECEIPTS	(\$)	(\$)
Realisation of asset:		
Rental Income		325,137.65
Cash in bank		5,207.02
Miscellaneous refunds:		
Interest allocation		51.75
Taxes:		
GST collected		16,256.94
PST collected		32,432.38
TOTAL RECEIPTS		<u><u>379,085.74</u></u>
 DISBURSEMENTS		
Paid fees:		
Filing fees paid to Official Receiver	<u>143.08</u>	143.08
Notice and Statement of Receiver:		
To 25 creditors	75.00	
Postage	<u>47.50</u>	122.50
Premium:		
Insurance		14,930.00
Miscellaneous disbursements:		
Storage	500.00	
Bank charges	0.75	
Computer services	170.00	
Maintenance, supervision & Repair	6,572.40	
Property Management	10,223.70	
Utilities	4,818.94	
Appraisal fees	20,561.40	
Land surveyor	13,072.00	
Administrative disbursements	<u>2,000.00</u>	57,919.19
	Sub-Total of Disbursements	<u>73,114.77</u>
Trustee fees		132,668.60
Legal fees/disbursements		70,735.57

CANADA
PROVINCE OF QUEBEC
DISTRICT OF QUEBEC
DIVISION NO: SAINT-FRANÇOIS-04
COURT NO: 400-11-000012-215
FILE NO: 42-045484

APPENDIX A
SUPERIOR COURT
Commercial Chamber

IN THE MATTER OF THE RECEIVERSHIP OF
SOCIÉTÉ EN COMMANDITE INDUSTRIEL-LÉGER & 9058-0150 QUEBEC INC.

INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS
for the period of March 26, 2021 to August 31, 2021

Taxes:		
GST charged on Trustee remuneration	6,633.44	
QST charged on Trustee remuneration	<u>13,233.69</u>	19,867.13
GST on legal fees	3,535.62	
QST on legal fees	<u>7,053.58</u>	10,589.20
GST paid on disbursements exclusive of fees	2,902.07	
QST paid on disbursements exclusive of fees	<u>5,789.59</u>	8,691.66
Remittance of excise taxes :		
GST remitted	3,699.83	
QST remitted	<u>7,380.99</u>	11,080.82
TOTAL DISBURSEMENTS		<u>326,747.75</u>
AMOUNT HELD IN TRUST BY THE RECEIVER		<u><u>55,548.67</u></u>

APPENDIX B

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF SAINT-FRANÇOIS

SUPERIOR COURT
(Commercial division)

DIVISION NO.: 04 – SAINT-FRANÇOIS
COURT NO.: 450-11-000012-215
ESTATE NO.: 42-045484 / 42-045485

SECOND INTERIM REPORT OF THE RECEIVER

Paragraph 246 (2) of the *Bankruptcy and Insolvency Act*

SOCIETE EN COMMANDITE INDUSTRIEL-LEGER & 9058-0150 QUEBEC INC.

1. BACKGROUND

1. On March 26, 2021, MNP Ltd. was appointed as Receiver (the “Receiver”) to the property of Société en commandite Industriel-Léger (“SEC”) & 9058-0150 Quebec Inc. (“9058”) (jointly the “Debtors”), pursuant to section 243 of the *Bankruptcy and Insolvency Act*, by an Order (the “Order”) rendered by the Honorable Justice Gaétan Dumas, of the Superior Court of Quebec, in Commercial Division, for the District of Saint-François, (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/sec-industriel-leger/>.
2. SEC is a limited partnership set up for the purpose of owning, managing and operating real estate properties located in Magog and Sherbrooke, Quebec.
3. 9058 is the general partner of SEC and is owned by Paul Kanwal.
4. Prior to the receivership proceedings, on January 28, 2021, Kanwal Inc. (“Kanwal”, a related company to the Debtors) and 9058 filed and Application for an Initial Order under the *Companies’ Creditors Arrangement Act* (“CCAA”). An initial order was rendered on the following day, granting a stay of proceedings in respect of Kanwal, 9058, SEC and Groupe Kanwal Inc. for an initial delay of 10 days, which was extended subsequently until March 19, 2021. No further extension was granted.
5. Subsequent to the appointment of the Receiver, the sole director of 9058, Paul Kanwal, resigned his position.
6. Upon taking possession of the Debtors’ assets, the Receiver only received a part of the books and records of the Debtors, in electronic format saved on a USB stick. There were no employees on record either as all employees worked for the affiliate company of SEC and 9058, Kanwal .

7. The Receiver was never granted access to the Debtor's computers as they were intertwined with the books and records of Kanwal, as well as other related entities.
8. The 27th day of September 2021, the Receiver filed its first interim report on its administration (**Appendix A**).
9. The purpose of the second report is to update the creditors on the steps that the Receiver has completed since the last report.

B. ASSET REALIZATION

10. As previously described in the first report, the Receiver undertook a robust sale's process that culminated in an Agreement of Purchase and Sale Agreement being signed on September 21, 2021. As there were some issues identified during the due diligence period, in order to resolve same the Receiver and the Purchaser signed a Partial Waiver and Amending Agreement dated November 12, 2021, a Second Partial Waiver and Amending Agreement dated December 23, 2021, and a final Waiver and Amending Agreement dated February 4, 2022 (together with the Agreement of Purchase and Sale Agreement, the "APS").
11. On February 18, 2022, the Honourable Gaétan Dumas, J.S.C. approved the transaction contemplated by the APS and issued an Approval and Vesting Order authorizing the Receiver to complete the sale of the Debtors' properties in accordance with the terms and conditions of the APS.
12. As set forth in the APS, the closing of the sale of each property is taking place on a staggered basis as follows:
 - a. Garlock Lot 1 395 055 Property: Deed of sale was signed February 25, 2022, and the net proceeds were received by the Receiver on March 1, 2022.
 - b. Garlock Lot 1 395 054 Property: As per the APS, the soil remediation work was completed on February 10, 2022. The final report was issued on March 8, 2022, the deed of sale was signed on March 18, 2022. The net proceeds were received by the Receiver on March 21, 2022.
 - c. Industrial Sherbrooke Property: as described in the APS, the Receiver has awarded the roof repair contract and the work was to commence this week weather permitting. The closing will occur thirty (30) days after the Purchaser is deemed satisfied with the roof repairs.
 - d. Industrial Magog Property: Concurrently with the closing of the Industrial, Sherbrooke property.

13. As of March 26, 2022:

#	Building Address	Market Value as at April 29, 2020 ¹	Realization (in CAD \$)
1	4220-4248 rue de la Garlock, Sherbrooke (the "Garlock Lot 1 395 055 Property")	1,215,000	1,364,952
2.1	4221-4249 rue de la Garlock, Sherbrooke &	2,330,000	2,973,448
2.2	4253-4283 rue de la Garlock, Sherbrooke (#2.1 & 2.2 together the "Garlock Lot 1 395 054 Property")		
3	4310-4364 Industriel, Sherbrooke (the "Industrial Sherbrooke Property")	2,625,000	Sale not completed yet
4	1426-1428 Industriel, Magog (the "Industrial Magog Property")	2,555,000	Sale not completed yet
		\$8,725,000	\$4,338,400

1. The values are from a commissioned appraisals report of the immovables as at April 29, 2020.

C. CREDITORS

14. As at March 24, 2022, the known creditors of the Debtors and the estimated amount of their claims are as follow:

Creditors	Estimated as at (in CAD \$)
Secured Creditors	
9286-2929 Québec Inc	\$4,300,000 ¹
Consolidated Capital G.P.	1,300,000 ¹
FWCU Capital Inc.	12,446,167 ²
Ville de Sherbrooke	98,514 ³
Ville de Magog	51,868 ³
Commission Scolaire de la Région-de-Sherbrooke	10,591 ³
Commission Scolaire des Sommets	2,321 ³
	\$18,209,461
Unsecured Creditors	
	\$2,583,439⁴

- Only the capital of the claims of 9286-2929 Québec Inc. and Consolidated Capital G.P. are noted above and the total amounts of these claims are to be perfected before a distribution is made.
- The amount of the claim of FWCU Capital Inc. is calculated as at March 16, 2021 and is to be perfected before a distribution is made.
- These amounts are to be perfected, and a portion of the sums owed to the City of Sherbrooke and the Commission Scolaire de la Région-de-Sherbrooke, for the Garlock properties, was paid from the proceeds of the sale by the notary at closing.
- As a result of the Kanwal receivership process, it is estimated that the Bank of Montreal will have a shortfall in the amount of approximately \$2,500,000 with respect to its loans to Kanwal, which were guaranteed by SEC.

15. The following creditors hold security on the Debtors' assets:

- a. 9286-2929 Quebec Inc. ("9286") has a hypothec on all five properties and a hypothec on SEC's and 9058's movable property.
- b. Consolidated Capital G.P. ("Consolidated") has a hypothec on the property located at 1426-1428 Boul. Industrial, in Magog, and a hypothec on SEC's and 9058's movable property.
- c. FWCU Capital Inc. has a hypothec on all five properties and a hypothec on SEC's movable property.

D. DEPOSIT

16. A deposit of \$500,000 was held by the Receiver in Trust to be applied as partial payment of the purchase price of the properties. Since the closing of the three Garlock properties, an amount of \$302,800 is still held in trust by the Receiver to be applied as partial payment of the purchase price for the two remaining properties.
17. From this amount, \$136,506 will be used to pay for the roof work needed to sell the property. The Purchaser also transferred to the Receiver's trust account a further amount of \$228,539.63 to cover the costs of the roof repair.

E. LEASE ASSIGNMENT

18. The Receiver had accepted a settlement amount of \$100,000 for the cure costs payable in respect of the lease of the Industrial Magog Property with Kanwal's receiver. The assignment of the lease to Ekip Innovations Inc. was fully completed by Kanwal's receiver as of November 15, 2021. The Receiver has since received the funds from Kanwal's receiver.

F. OTHER ASSETS

19. To the knowledge of the Receiver, the only other assets of the Debtors are an advance receivable in the amount of \$22,652.92 from the director of 9058, Paul Kanwal and an amount claimed by the Receiver from Paul Kanwal for SEC's rental revenues personally collected by him from October 2012 to February 2021.
20. The amounts collected by Paul Kanwal consist of \$200 per month in rent from an undisclosed tenant. As of February 28, 2022, the amount claimed by the Receiver from Paul Kanwal in recovery of such rent revenue was \$26,569 (including interest).
21. The Receiver has issued letters to Paul Kanwal in order to recover the amounts owed. At the date of this report, Mr. Kanwal has neglected to remit the said sums to the Receiver.

G. DISTRIBUTION

22. The Receiver will apply to the Court to seek instructions on a future proposed distribution schedule only after the last remaining properties are sold.
23. One of the issues to be determined is the ultimate allocation of the administration charge in the amount of \$300,000 that was granted during the aforementioned CCAA proceedings among Kanwal, Groupe Kanwal Inc., 9058 and SEC.

H. INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

24. An interim statement of receipts and disbursements has been produced for the period from March 26, 2021, to March 24, 2022, and is included as **Appendix B**.

I. ANTICIPATED COMPLETION OF THE RECEIVERSHIP

25. As of the date of this report, the Receiver expects to complete the realization of the Debtors' assets within the next six (6) months.

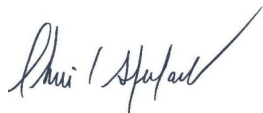
Dated in Montréal, Québec, this 25th day of March 2022.

MNP Ltée

In its capacity as Receiver to the property of:

Société en commandite Industriel-Léger & 9058-0150 Quebec Inc.

and not in its personal or corporate capacity



Sheri L. Aberback, CIRP, LIT, CFE

Senior Vice-President

IN THE MATTER OF THE RECEIVERSHIP OF
 SOCIÉTÉ EN COMMANDITE INDUSTRIEL-LÉGER & 9058-0150 QUEBEC INC.

INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS
 for the period of March 26, 2021 to March 24, 2022

RECEIPTS	(\$)	(\$)
Realisation of assets:		
Sale of properties		
Garlock Lot 1 395 055		1,257,066.04
Garlock Lot 1 395 054		2,731,619.34
Rental Income		804,519.46
Other Rental Income		
Hydro-Sherbrooke repaid		1,411.56
Water tax repaid		21,514.26
Cash in bank		5,207.02
Settlement		100,000.00
Deposits:		
Purchaser Deposit		302,800.00
Roof Repair Deposit		228,539.63
Miscellaneous refunds:		
Interest allocation		469.96
Taxes:		
GST collected		45,134.88
PST collected		90,045.41
Refund of CTI		377.26
Refund of RTI		746.92
TOTAL RECEIPTS		<u>5,589,451.74</u>

DISBURSEMENTS

Paid fees:

Filing fees paid to Official Receiver	<u>143.08</u>	143.08
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Notice and Statement of Receiver:

To 25 creditors	75.00	
Postage	<u>47.50</u>	122.50

Notice and Statement of Interim Report:

To 25 creditors	75.00	
Postage	<u>47.50</u>	122.50

Premium:

Insurance		46,335.24
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CANADA
 PROVINCE OF QUEBEC
 DISTRICT OF QUEBEC
 DIVISION NO: SAINT-FRANÇOIS-04
 COURT NO: 450-11-000012-215
 FILE NO: 42-045484

Appendix B
 SUPERIOR COURT
 Commercial Chamber

IN THE MATTER OF THE RECEIVERSHIP OF
 SOCIÉTÉ EN COMMANDITE INDUSTRIEL-LÉGER & 9058-0150 QUEBEC INC.

INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS
 for the period of March 26, 2021 to March 24, 2022

Miscellaneous disbursements:		
Storage	700.00	
Bank charges	1.95	
Computer services	170.00	
Maintenance, supervision & Repair	25,440.53	
Property Management	16,579.27	
Utilities	21,067.04	
Water tax	51,880.86	
Appraisal fees	32,675.59	
Land surveyor	13,072.00	
Administrative disbursements	<u>3,500.00</u>	165,087.24
	Sub-Total of Disbursements	<u>211,810.56</u>
Receiver fees		346,756.60
Legal fees/disbursements		199,117.03
Taxes:		
GST charged on Trustee remuneration	17,355.35	
QST charged on Trustee remuneration	<u>34,623.88</u>	51,979.23
GST on legal fees	9,946.02	
QST on legal fees	<u>19,842.28</u>	29,788.30
GST paid on disbursements exclusive of fees	5,652.17	
QST paid on disbursements exclusive of fees	<u>11,275.98</u>	16,928.15
Reimbursement of excise taxes :		
GST remitted	15,956.75	
QST remitted	<u>31,847.26</u>	47,804.01
TOTAL DISBURSEMENTS		<u><u>904,183.88</u></u>
AMOUNT HELD IN TRUST BY THE RECEIVER		<u><u>4,685,267.86</u></u>

APPENDIX C

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF SAINT-FRANÇOIS

SUPERIOR COURT
(Commercial division)

DIVISION NO.: 04 – SAINT-FRANÇOIS
COURT NO.: 450-11-000012-215
ESTATE NO.: 42-045484 / 42-045485

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

SOCIETE EN COMMANDITE INDUSTRIEL-LEGER & 9058-0150 QUEBEC INC.

A. BACKGROUND

1. On March 26, 2021, MNP Ltd. was appointed as Receiver (the “Receiver”) to the assets of Société en commandite Industriel-Léger (“SEC”) & 9058-0150 Quebec Inc. (“9058”) (jointly the “Debtors”), pursuant to section 243 of the *Bankruptcy and Insolvency Act*, by an Order (the “Order”) rendered by the Honorable Justice Gaétan Dumas, of the Superior Court of Quebec for the District and the Division of Saint-François, (the “Court”). 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/sec-industriel-leger/>.
2. SEC was a limited partnership set up for the purpose of owning, managing and operating real estate properties located in Magog and Sherbrooke, Quebec.
3. 9058 was the general partner of SEC and was owned by Paul Kanwal.
4. On July 5, 2022, both SEC and 9058 filed assignments in bankruptcy pursuant to the Approval and Vesting Order (the “AVO”) rendered by the Honourable Gaétan Dumas, J.S.C. on February 18, 2022.
5. On September 27, 2021, the Receiver has filed an interim report on its administration (Appendix A) and on March 25, 2022, the Receiver has filed a second interim report on its administration (Appendix B). For more background information, please refer to these reports.
6. The purpose of the third report is to update the creditors as to what the Receiver has done since the last report.

B. RESTRICTIONS AND LIMITATIONS

7. In preparing this Report, the Receiver has relied upon unaudited financial information obtained from the Debtors' books and records and public records.
8. 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.
9. Currency is in Canadian dollars except if otherwise noted.

C. ASSET REALIZATION

10. Further to the granting of the AVO on February 18, 2022, the Receiver completed the sale of the five properties of SEC (the "Properties") as per the Agreement of Purchase and Sale, as more fully described in the *Application for Authorization to Proceed with a Distribution* dated August 3, 2022.
11. The net realization proceeds of the five Properties are as follows:

#	Address of Property	Date of Sale	Market Value as at April 29, 2020 ¹	Net Realization (in CAD \$) ²	Note
1	Garlock Lot 1 395 055 Property	Feb. 25, 2022	1,215,000	1,257,066	
2.1 & 2.2	Garlock Lot 1 395 054 Property	Mar. 18, 2022	2,330,000	2,731,619	3
3	Industrial Sherbrooke Property	Jun. 1, 2022	2,625,000	2,740,242	
4	Industrial Magog Property	Jun. 1, 2022	2,555,000	3,327,883	
			\$8,725,000	\$10,056,810	

Note:

1. The values are from a commissioned appraisals report of the immovables as at April 29, 2020, and as appears from the Court record.
2. All priority taxes were paid from the sale proceeds at the time of closing by the notary, subject to certain post-closing adjustments.
3. Garlock Lot 1 395 054 consists of two properties: 4221-4249 Garlock Steet, Sherbrooke & 4253-4283 Garlock Street, Sherbrooke.

12. Further information on the sale process is available in the *Report of the Receiver in Conjunction with the Application for the Issuance of an Approval, Vesting and Assignment Order and Other Ancillary Relief* filed on February 14, 2022, filed in the Court record.

D. LIABILITIES

13. The known liabilities, as of September 9, 2022, are as follows:

	Estimated liabilities	Note
	(\$)	
Secured creditors		
9286-2929 Québec inc.	0	1
Consolidated Capital G.P.	0	2
FWCU Capital Corp.	11,373,236	3
Unsecured creditors		
BMO – Banque de Montréal	4,661,466	5
GST - Canada Revenue Agency	4,365	
QST - Revenu Québec	11,064	
Other	70,830	

Note:

1. A full and final payment of \$5,118,316 was made to 9286-2929 Québec Inc. on August 9, 2022. See Section G.
2. A full and final payment of \$1,581,353 was made to Consolidated Capital G.P. on August 9, 2022. See Section G.
3. As per the proof of claim received in both SEC and 9058's bankruptcies. Estimate excludes interest accrued as of today. and the interim payment of \$1,000,000 that was made on August 9, 2022. See Section G.
4. No distribution will be made to the unsecured creditors since the secured creditors will not be paid in full.
5. As a result of the Kanwal receivership process, Bank of Montreal will have a shortfall and has filed a proof of claim of \$4,661,446 in both SEC and 9058's bankruptcies.

14. The following creditors have had or still have security on the Debtors' assets:

- a. 9286 had a hypothec on all five Properties and a hypothec on SEC's and 9058's movable property.
- b. Consolidated had a hypothec on the Industrial Magog Property, and a hypothec on SEC's and 9058's movable property.
- c. FWCU Capital has a hypothec on all five Properties and a hypothec on SEC's and 9058's movable properties.

15. The Receiver obtained a legal opinion from independent counsel, Fishman Flanz Meland Paquin represented by Me Nicolas Brochu, confirming the validity and enforceability of the security affecting the assets.

E. OTHER ASSETS

16. Paul Kanwal, ex-director of 9058 owes approximately an amount of \$48,211.92 to SEC. The debt consists of an advance receivable in the amount of \$22,652.92, as per the limited books and records obtained from the Debtors and a further amount of \$26,569, including interest, consisting of rental revenues (\$200 per month from an undisclosed tenant) that Paul Kanwal personally collected from such tenant from October 2012 to February 2021.
17. EKIP, the tenant at the Industrial Magog Property, pursuant to the assignment of lease obtained on August 23, 2021, in the Kanwal receivership and becoming effective on October 1, 2021, owed the estate of SEC \$29,940.45 for unpaid water taxes for the period of October 1, 2021, to May 16, 2022, while the Receiver was in possession of the Industrial Magog Property. EKIP is further responsible for the water taxes for the period of May 17 to May 31, 2022, the time at which the Industrial Magog Property was sold. The Receiver has not yet received the water tax bill from the city of Magog for this period.
18. Despite many attempts by the Receiver to collect the unpaid water taxes and Ekip's refusal to pay same, the Receiver filed an application with the Superior Court to recover from EKIP the unpaid water taxes and for other ancillary relief on July 28, 2022, as the EKIP lease requires the tenant to pay all water taxes as part of the rent. Considering that EKIP paid the water taxes from October 1, 2021, to May 16, 2022, just prior to the hearing and that the City of Magog has not yet produced the invoice from May 17 to June 1, 2022, the Application was adjourned *sine die*.

F. DISTRIBUTION

19. On August 8, 2022, a Court order was issued authorizing the distribution of the capital and interest to Consolidated Capital G.P. and 9286-2929 Québec Inc. in full satisfaction of their secured claims in these receivership proceedings.
20. The Court also authorized an interim distribution to FWCU Capital Corp. in partial payment of its secured claim in these receivership proceedings.
21. One of the issues still to be determined is the ultimate allocation of the administration charge that was granted during the *Companies' Creditors Arrangement Act* proceedings. The receiver in the Kanwal receivership filed an application the « *Demande pour directives et pour l'émission d'une ordonnance approuvant une distribution aux créanciers garantis* » in file number 450-11-000097-208 which is scheduled to be heard on October 24, 2022, to resolve said issue.
22. The Court, as recommended by the Receiver, ordered the Receiver to keep in its trust account, a minimum reserve of \$300,000 to guarantee the payment of any and all amounts which could be allocated to the assets of SEC and/or 9058 on account of the administration charge in the CCAA proceedings, as well as, an additional \$245,000 for other priority charges.

G. INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

23. An interim statement of receipts and disbursements has been produced for the period from March 26, 2021, to August 31, 2022, and is included as **Appendix C**.

H. ANTICIPATED COMPLETION OF THE RECEIVERSHIP

24. As of the date of this report, the Receiver expects to complete the realization of the Debtors' assets within the next three (3) months and, considering some of the issues that must be presented to the Court, six (6) to nine (9) months to complete the administration.

Dated in Montréal, Québec, this 23rd day of September 2022.

MNP LTD

In its capacity as Receiver to the property of:

Société en commandite Industriel-Léger & 9058-0150 Quebec Inc.

and not in its personal or corporate capacity



Sheri L. Aberback, CIRP, LIT, CFE

Senior Vice-President

CANADA
 PROVINCE OF QUEBEC
 DISTRICT OF QUEBEC
 DIVISION NO: SAINT-FRANÇOIS-04
 COURT NO: 450-11-000012-215
 FILE NO: 42-045484/42-045485

SUPERIOR COURT
 Commercial Chamber

IN THE MATTER OF THE RECEIVERSHIP OF
 SOCIÉTÉ EN COMMANDITE INDUSTRIEL-LÉGER & 9058-0150 QUEBEC INC.

INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the period of March 26, 2021 to August 31, 2022

RECEIPTS	(\$)	(\$)
Realisation of assets		
Sale of properties		
Garlock Lot 1 395 055		1,257,066.04
Garlock Lot 1 395 054		2,731,619.34
Industriel Sherbrooke		2,740,242.75
Industriel Magog		3,327,883.83
Miscellaneous		
Rental Income		910,755.28
Settlement		100,000.00
Interest allocation		36,395.75
Cash in bank		5,207.02
Miscellaneous refunds:		
Property Tax refund		56,088.82
Taxes:		
GST collected		50,607.81
QST collected		100,963.85
Refund of CTI		13,565.45
Refund of RTI		27,057.37
TOTAL RECEIPTS		11,357,453.31
DISBURSEMENTS		
Paid fees:		
Filing fees paid to Official Receiver	143.08	143.08
Notice and Statement of Receiver:		
To 25 creditors	75.00	
Postage	47.50	122.50

CANADA
 PROVINCE OF QUEBEC
 DISTRICT OF QUEBEC
 DIVISION NO: SAINT-FRANÇOIS-04
 COURT NO: 450-11-000012-215
 FILE NO: 42-045484/42-045485

SUPERIOR COURT
 Commercial Chamber

IN THE MATTER OF THE RECEIVERSHIP OF
 SOCIÉTÉ EN COMMANDITE INDUSTRIEL-LÉGER & 9058-0150 QUEBEC INC.

INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the period of March 26, 2021 to August 31, 2022

Notice and Statement of Interim Report:

To 25 creditors	75.00	
Postage	47.50	122.50

Premium:

Insurance		62,002.69
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Miscellaneous disbursements:

Utilities	97,221.73	
Transfer to Trustee (Bankruptcy)	45,990.00	
Appraisal fees	32,675.59	
Maintenance, supervision & Repair	29,536.67	
Property Management	21,576.24	
Land surveyor	13,072.00	
School Taxes	10,099.36	
Messenger, photocopies, faxes, communications	4,817.63	
Storage	950.00	
Computer services	170.00	
Bank charges	3.00	256,112.22

Sub-Total of Disbursements 318,502.99

Receiver fees

429,646.45

Legal fees/disbursements

250,155.89

Taxes:

GST charged on Receiver remuneration	21,499.86	
QST charged on Receiver remuneration	42,892.13	64,391.99
GST on legal fees	12,495.86	
QST on legal fees	24,929.22	37,425.08

CANADA
PROVINCE OF QUEBEC
DISTRICT OF QUEBEC
DIVISION NO: SAINT-FRANÇOIS-04
COURT NO: 450-11-000012-215
FILE NO: 42-045484/42-045485

IN THE MATTER OF THE RECEIVERSHIP OF
SOCIÉTÉ EN COMMANDITE INDUSTRIEL-LÉGER & 9058-0150 QUEBEC INC.

INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the period of March 26, 2021 to August 31, 2022

GST paid on disbursements exclusive of fees	6,513.39	
QST paid on disbursements exclusive of fees	<u>12,993.98</u>	19,507.37
Payment of excise taxes :		
GST remitted	26,332.57	
QST remitted	<u>52,547.03</u>	78,879.60
TOTAL DISBURSEMENTS		<u>1,198,509.37</u>
PAYMENTS		
Secured Creditors		
9286-2929 Québec inc.	5,118,316.53	
Consolidated Capital GP	1,581,353.24	
FWCU Capital Corp.	<u>1,000,000.00</u>	7,699,669.77
TOTAL PAYMENTS		<u>7,699,669.77</u>
AMOUNT HELD IN TRUST BEFORE PRIORITY CHARGES		<u>2,459,274.17</u>
Reserves For Priority Charges		
CCAA Administration Charge	300,000.00	
Receiver's Administration Charge	200,000.00	
Post Closing Adjustments (Estimate)	<u>45,000.00</u>	545,000.00
AMOUNT HELD IN TRUST AFTER PRIORITY CHARGES		<u>1,914,274.17</u>

APPENDIX D

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF SAINT-FRANÇOIS

SUPERIOR COURT
(Commercial division)

DIVISION NO.: 04 – SAINT-FRANÇOIS
COURT NO.: 450-11-000012-215
ESTATE NO.: 42-045484 / 42-045485

FOURTH INTERIM REPORT OF THE RECEIVER

Paragraph 246 (2) of the *Bankruptcy and Insolvency Act*

SOCIETE EN COMMANDITE INDUSTRIEL-LEGER & 9058-0150 QUEBEC INC.

A. BACKGROUND

1. On March 26, 2021, MNP Ltd. was appointed as Receiver (the “Receiver”) to the assets of Société en commandite Industriel-Léger (“SEC”) & 9058-0150 Quebec Inc. (“9058”) (jointly the “Debtors”), pursuant to section 243 of the *Bankruptcy and Insolvency Act*, by an Order (the “Order”) rendered by the Honorable Justice Gaétan Dumas, of the Superior Court of Quebec for the District and the Division of Saint-François, (the “Court”). 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/sec-industriel-leger/>.
2. SEC was a limited partnership set up for the purpose of owning, managing and operating real estate properties located in Magog and Sherbrooke, Quebec.
3. 9058 was the general partner of SEC and was owned by Paul Kanwal.
4. On July 5, 2022, both SEC and 9058 filed assignments in bankruptcy pursuant to the Approval and Vesting Order (the “AVO”) rendered by the Honourable Gaétan Dumas, J.S.C. on February 18, 2022.
5. On September 27, 2021, the Receiver filed an interim report on its administration (**Appendix A**), on March 25, 2022, the Receiver filed a second interim report on its administration (**Appendix B**) and on September 26, 2022, the Receiver filed a third interim reports on its administration (**Appendix C**). For more background information, please refer to these reports.
6. The purpose of the fourth report is to update the creditors as to what the Receiver has done since the last report.

B. RESTRICTIONS AND LIMITATIONS

7. In preparing this Report, the Receiver has relied upon unaudited financial information obtained from the Debtors' books and records and public records.
8. 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.
9. Currency is in Canadian dollars except if otherwise noted.

C. ASSET REALIZATION

10. Further to the granting of the AVO on February 18, 2022, the Receiver completed the sale of the five properties of SEC (the "Properties") as per the Agreement of Purchase and Sale, as more fully described in the *Application for Authorization to Proceed with a Distribution* dated August 3, 2022.
11. The net realization proceeds of the five Properties are as follows:

#	Address of Property	Date of Sale	Market Value as at April 29, 2020 ¹	Net Realization (in CAD \$) ²	Note
1	Garlock Lot 1 395 055 Property	Feb. 25, 2022	1,215,000	1,257,066	
2.1 & 2.2	Garlock Lot 1 395 054 Property	Mar. 18, 2022	2,330,000	2,731,619	3
3	Industrial Sherbrooke Property	Jun. 1, 2022	2,625,000	2,740,242	
4	Industrial Magog Property	Jun. 1, 2022	2,555,000	3,327,883	
			\$8,725,000	\$10,056,810	

Note:

- The values are from a commissioned appraisal report of the immovables as of April 29, 2020, and as appears from the Court record.
- All priority taxes were paid from the sale proceeds at the time of closing by the notary.
- Garlock Lot 1 395 054 consists of two properties: 4221-4249 Garlock Steet, Sherbrooke & 4253-4283 Garlock Street, Sherbrooke.

12. Further information on the sale process is available in the *Report of the Receiver in Conjunction with the Application for the Issuance of an Approval, Vesting and Assignment Order and Other Ancillary Relief* filed on February 14, 2022, filed in the Court record.

D. LIABILITIES

13. The known liabilities, as of September 9, 2022, are as follows:

	Estimated liabilities	Note
	(\$)	
Secured creditors		
9286-2929 Québec inc.	0	1
Consolidated Capital G.P.	0	2
FWCU Capital Corp.	10,373,236	3
Unsecured creditors		4
BMO – Banque de Montréal	4,661,466	5
GST - Canada Revenue Agency	4,365	
QST - Revenu Québec	11,064	
Other	70,830	

Note:

1. A full and final payment of \$5,118,316 was made to 9286-2929 Québec Inc. on August 9, 2022. See Section G.
2. A full and final payment of \$1,581,353 was made to Consolidated Capital G.P. on August 9, 2022. See Section G.
3. As per the proof of claim received in both SEC and 9058's bankruptcies. The estimate excludes interest accrued as of today but takes into account the interim payment of \$1,000,000 that was made on August 9, 2022. See Section G.
4. No distribution will be made to unsecured creditors since the secured creditors will not be paid in full.
5. As a result of the Kanwal receivership process, the Bank of Montreal will have a shortfall and has filed a proof of claim of \$4,661,446 in both SEC and 9058's bankruptcies.

14. The following creditors have had or still have security on the Debtors' assets. The hypothecs that affected the Properties were reported on the sales proceeds further to the AVO:

- a. 9286 had a hypothec on all five Properties and a hypothec on SEC's and 9058's movable property.
- b. Consolidated had a hypothec on the Industrial Magog Property and a hypothec on SEC's and 9058's movable property.
- c. FWCU Capital had a hypothec on all five Properties and a hypothec on SEC's and 9058's movable properties.

15. The Receiver obtained a legal opinion from independent counsel, Fishman Flanz Meland Paquin represented by Me Nicolas Brochu, confirming the validity and enforceability of the security affecting the assets.

E. OTHER ASSETS

16. As reported in the third interim report, the Receiver had filed an application with the Superior Court to recover from EKIP (the tenant at the Industrial Magog Property, the unpaid water taxes as part of the rent. The Receiver and EKIP settled out of court and all monies for the unpaid taxes were received.
17. Paul Kanwal, ex-director of 9058 owes approximately an amount of \$48,211.92 to SEC. The debt consists of an advance receivable in the amount of \$22,652.92, as per the limited books and records obtained from the Debtors and a further amount of \$25,559.00, including interest, consisting of rental revenues (\$200 per month from an undisclosed tenant) that Paul Kanwal personally collected from such tenant from October 2012 to February 2021.
18. The Receiver requested, by letters dated November 12, 2021, and December 2, 2021, payment for the amounts owed by Paul Kanwal. Finally, on February 17, 2023, a demand letter, sent by the Receiver's counsel, Me Nicolas Brochu, was sent to Paul Kanwal requesting payment for the amounts due before February 28, 2023.
19. Despite the exchange of communications between the parties and/or counsel, the Receiver has not received the amounts owing.

F. DISTRIBUTION

20. On August 8, 2022, a Court order (the "Distribution Order") was issued authorizing the distribution of the capital and interest to Consolidated Capital G.P. and 9286-2929 Québec Inc. in full satisfaction of their secured claims in these receivership proceedings.
21. The Court also authorized an interim distribution to FWCU Capital Corp. in partial payment of its secured claim in these receivership proceedings.
22. Furthermore, the Distribution Order ordered, *inter alia*, that the Receiver keep a minimum reserve of \$300,000, to guarantee the payment of any and all amounts which could be allocated to the assets of SEC and 9058 on account of the Administration Charge of \$300,000 (the "CCAA Administration Charge") that was granted during the *Companies' Creditors Arrangement Act* proceedings in in file number 450-11-0000115-208 (the "CCAA").
23. At the time of the third interim report of the Receiver, an outstanding issue was the ultimate allocation of the CCAA Administration Charge. In order to address the issue, the receiver in the receivership proceedings of Kanwal Inc. (the "Kanwal Receivership") filed an application titled « *Demande pour directives et pour l'émission d'une ordonnance approuvant une distribution aux créanciers garantis* » in file number 450-11-000097-208.

24. On January 10, 2023, the Court rendered its decision and ordered that the CCAA Administration Charge in the CCAA was to be allocated solely to the Kanwal Receivership. The Receiver is no longer required to reserve the said amount from the proceeds of realization of the Debtors' property.
25. Since the last report, the Receiver received confirmation from the Purchaser of the Properties that it decided to forego all post-closing adjustments in its favour as they were minimal. That matter is now complete.
26. The last main outstanding issue is that due to changes in the legislation in respect of the use of French language in Québec (Bill 96), the Receiver has been unable to register the AVO at the *Registre foncier du Québec* in order to radiate the hypothecs and other encumbrances on the Properties. The Receiver and its counsel are working diligently to find a solution.
27. Once this issue is resolved, the Receiver will be able to proceed with the final distribution.

G. INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

28. An interim statement of receipts and disbursements has been produced for the period from March 26, 2021, to February 28, 2023, and is included as **Appendix D**.

H. ANTICIPATED COMPLETION OF THE RECEIVERSHIP

29. As of the date of this report, the Receiver expects to complete the administration in the next three (3) to six (6) months considering the issues with the *Registre foncier du Québec*.

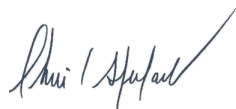
Dated in Montréal, Québec, this 24th day of March 2023.

MNP LTD

In its capacity as Receiver to the property of:

Société en commandite Industriel-Léger & 9058-0150 Quebec Inc.

and not in its personal or corporate capacity



Sheri L. Aberback, CIRP, LIT, CFE

Senior Vice President

CANADA
PROVINCE OF QUEBEC
DISTRICT OF QUEBEC
DIVISION NO: SAINT-FRANÇOIS-04
COURT NO: 450-11-000012-215
FILE NO: 42-045484/42-045485

IN THE MATTER OF THE RECEIVERSHIP OF
SOCIÉTÉ EN COMMANDITE INDUSTRIEL-LÉGER & 9058-0150 QUEBEC INC.

INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the period of March 26, 2021 to February 28, 2023

RECEIPTS	(\$)	(\$)
Realisation of assets		
Sale of properties		
Garlock Lot 1 395 055		1,257,066.04
Garlock Lot 1 395 054		2,731,619.34
Industriel Sherbrooke		2,740,242.75
Industriel Magog		3,327,883.83
Miscellaneous		
Rental Income		910,755.28
Settlement		108,940.96
Interest allocation		83,165.59
Cash in bank		5,207.02
Miscellaneous refunds:		
Property Tax refund		58,743.58
Taxes:		
GST collected		51,054.86
QST collected		101,855.70
Refund of CTI		21,053.60
Refund of RTI		33,741.40
TOTAL RECEIPTS		<u>11,431,329.95</u>
DISBURSEMENTS		
Paid fees:		
Filing fees paid to Official Receiver	<u>143.08</u>	143.08
Notice and Statement of Receiver:		
To 25 creditors	75.00	
Postage	<u>47.50</u>	122.50

CANADA
 PROVINCE OF QUEBEC
 DISTRICT OF QUEBEC
 DIVISION NO: SAINT-FRANÇOIS-04
 COURT NO: 450-11-000012-215
 FILE NO: 42-045484/42-045485

SUPERIOR COURT
 Commercial Chamber

IN THE MATTER OF THE RECEIVERSHIP OF
 SOCIÉTÉ EN COMMANDITE INDUSTRIEL-LÉGER & 9058-0150 QUEBEC INC.

INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the period of March 26, 2021 to February 28, 2023

Notice and Statement of Interim Report:

To 25 creditors	75.00	
Postage	47.50	122.50

Premium:

Insurance		62,002.69
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Miscellaneous disbursements:

Utilities	97,221.73	
Transfer to Trustee (Bankruptcy)	42,995.00	
Appraisal fees	32,675.59	
Maintenance, supervision & Repair	29,536.67	
Property Management	21,576.24	
Land surveyor	13,072.00	
School Taxes	10,099.36	
Messenger, photocopies, faxes, communications	6,050.43	
Storage	950.00	
Computer services	170.00	
Bank charges	4.65	254,351.67

Sub-Total of Disbursements 316,742.44

Receiver fees 464,290.95

Legal fees/disbursements 270,150.94

Taxes:

GST charged on Receiver remuneration	23,232.08	
QST charged on Receiver remuneration	46,347.92	69,580.00
GST on legal fees	13,495.61	
QST on legal fees	26,923.73	40,419.34
GST paid on disbursements exclusive of fees	7,575.03	
QST paid on disbursements exclusive of fees	15,111.95	22,686.98

CANADA
 PROVINCE OF QUEBEC
 DISTRICT OF QUEBEC
 DIVISION NO: SAINT-FRANÇOIS-04
 COURT NO: 450-11-000012-215
 FILE NO: 42-045484/42-045485

SUPERIOR COURT
 Commercial Chamber

IN THE MATTER OF THE RECEIVERSHIP OF
 SOCIÉTÉ EN COMMANDITE INDUSTRIEL-LÉGER & 9058-0150 QUEBEC INC.

INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the period of March 26, 2021 to February 28, 2023

Payment of excise taxes :		
GST remitted	26,332.57	
QST remitted	<u>52,547.03</u>	78,879.60
TOTAL DISBURSEMENTS		<u>1,262,750.25</u>
PAYMENTS		
Secured Creditors		
9286-2929 Québec inc.	5,118,316.53	
Consolidated Capital GP	1,581,353.24	
FWCU Capital Corp.	<u>1,000,000.00</u>	7,699,669.77
TOTAL PAYMENTS		<u>7,699,669.77</u>
AMOUNT HELD IN TRUST BEFORE PRIORITY CHARGES		<u>2,468,909.93</u>
Reserves For Priority Charges		
Receiver's Administration Charge	<u>200,000.00</u>	200,000.00
AMOUNT HELD IN TRUST AFTER PRIORITY CHARGES		<u>2,268,909.93</u>

APPENDIX E

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF SAINT-FRANÇOIS

SUPERIOR COURT
(Commercial division)

DIVISION NO.: 04 – SAINT-FRANÇOIS
COURT NO.: 450-11-000012-215
ESTATE NO.: 42-045484 / 42-045485

FIFTH INTERIM REPORT OF THE RECEIVER

Paragraph 246 (3) of the *Bankruptcy and Insolvency Act*

SOCIETE EN COMMANDITE INDUSTRIEL-LEGER & 9058-0150 QUEBEC INC.

MNP Ltd. (« MNP » or the « Receiver »), acting as receiver to the assets of Société en commandite Industriel-Léger (“SEC”) & 9058-0150 Quebec Inc. (“9058”) (jointly the “Debtors”) reports to the Superior Court of Quebec, Commercial Division for the district of Saint-François (the “Court”) to present the actions taken by the Receiver since the Fourth Interim Report dated March 24, 2023.

A. BACKGROUND

1. On March 26, 2021, MNP was appointed as Receiver to the assets of SEC and 9058, pursuant to section 243 of the *Bankruptcy and Insolvency Act*, by an Order (the “Order”) rendered by the Honorable Justice Gaétan Dumas, of 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/sec-industriel-leger/>.
2. SEC was a limited partnership set up for the purpose of owning, managing and operating real estate properties located in Magog and Sherbrooke, Quebec.
3. 9058 was the general partner of SEC and was owned by Paul Kanwal.
4. On July 5, 2022, both SEC and 9058 filed assignments in bankruptcy pursuant to the Approval and Vesting Order (the “AVO”) rendered by the Honourable Gaétan Dumas, J.S.C. on February 18, 2022.
5. On September 27, 2021, the Receiver filed an interim report on its administration (**Appendix A**), on March 25, 2022, the Receiver filed a second interim report on its administration (**Appendix B**), on September 26, 2022, the Receiver filed a third interim report on its administration (**Appendix C**) and on March 24, 2023, the Receiver filed a fourth interim report on its administration (**Appendix D**). For more background information, please refer to these reports.

B. RESTRICTIONS AND LIMITATIONS

6. In preparing this Report, the Receiver has relied upon unaudited financial information obtained from the Debtors' books and records and public records.
7. 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.
8. Currency is in Canadian dollars except if otherwise noted.

C. ADMINISTRATION OF ASSETS UNDER THE CONTROL OF THE RECEIVER

9. Pursuant to paragraph 12.3 (l) of the Order, the Receiver established a sale's process of the properties of the Debtors (the "Properties") to solicit potential purchasers by way of a call for tenders. Further information on the sale's process is available in the *Report of the Receiver in Conjunction with the AVO* filed in the Court record on February 14, 2022.
10. Further to the granting of the AVO on February 18, 2022, the Receiver completed the sale of the five properties of SEC (the "Properties") as per the Agreement of Purchase and Sale, as more fully described in the *Application for Authorization to Proceed with a Distribution* dated August 3, 2022, filed in the Court record on the same date.
11. The net realization proceeds of the five Properties are as follows:

#	Address of Property	Date of Sale	Market Value as at April 29, 2020 ¹	Net Realization (in CAD \$) ²	Note
1	Garlock Lot 1 395 055 Property	Feb. 25, 2022	1,215,000	1,257,066	
2.1 & 2.2	Garlock Lot 1 395 054 Property	Mar. 18, 2022	2,330,000	2,731,619	3
3	Industrial Sherbrooke Property	Jun. 1, 2022	2,625,000	2,740,242	
4	Industrial Magog Property	Jun. 1, 2022	2,555,000	3,327,883	
			\$8,725,000	\$10,056,810	

Note:

1. The values are from a commissioned appraisal report of the immovables as of April 29, 2020, and as appears from the Court record.
2. All priority taxes were paid from the sale proceeds at the time of closing by the notary.
3. Garlock Lot 1 395 054 consists of two properties: 4221-4249 Garlock Steet, Sherbrooke & 4253-4283 Garlock Street, Sherbrooke.

-
12. On August 8, 2022, a Court order (the “Distribution Order”) was issued authorizing the distribution of the capital and interest to Consolidated Capital G.P. and 9286-2929 Québec Inc. in full satisfaction of their secured claims in these receivership proceedings.
 13. The Court also authorized an interim distribution to FWCU Capital Corp. in partial payment of its secured claim in these receivership proceedings.
 14. Furthermore, the Distribution Order ordered, *inter alia*, that the Receiver keep a minimum reserve of \$300,000, to guarantee the payment of any and all amounts which could be allocated to the assets of SEC and 9058 on account of the Administration Charge of \$300,000 (the “CCAA Administration Charge”) that was granted during the *Companies’ Creditors Arrangement Act* proceedings in file number 450-11-0000115-208 (the “CCAA”).
 15. On January 10, 2023, the Court rendered its decision and ordered that the CCAA Administration Charge in the CCAA was to be allocated solely to the Kanwal Receivership. The Receiver is no longer required to reserve the said amount from the proceeds of realization of the Debtors’ property.
 16. As reported in the fourth interim report, the Receiver has been unable to register the AVO at the *Registre foncier du Québec* in order to radiate the hypothecs and other encumbrances on the Properties due to changes in the legislation in respect of the use of French language in Québec (Bill 96).
 17. On April 20, 2023, the Court rendered its decision and ordered the “*Registre foncier du Québec*” and the “*Register of Personal and Real Rights*” to radiate the entries relating to the Properties.

D. OTHER ASSETS

18. Paul Kanwal, ex-director of 9058 owes approximately an amount of \$48,211.92 to SEC. The debt consists of an advance receivable in the amount of \$22,652.92, as per the limited books and records obtained from the Debtors and a further amount of \$25,559.00, including interest, consisting of rental revenues (\$200 per month from an undisclosed tenant) that Paul Kanwal personally collected from such tenant from October 2012 to February 2021.
19. The Receiver requested, by letters dated November 12, 2021, and December 2, 2021, payment for the amounts owed by Paul Kanwal. Finally, on February 17, 2023, a demand letter, sent by the Receiver’s counsel, Me Nicolas Brochu, was sent to Paul Kanwal requesting payment for the amounts due before February 28, 2023.
20. Despite the exchange of communications between the parties and/or counsel, the Receiver has not received the amounts due and is considering its options to recover said amounts.

21. Once the last remaining issue is resolved, the Receiver will be able to proceed with the final distribution and request its discharge from the Court.

E. INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

22. An interim statement of receipts and disbursements has been produced for the period from March 26, 2021 to September 25, 2023, and is included as **Appendix E**.

F. ANTICIPATED COMPLETION OF THE RECEIVERSHIP

22 AS of the date of this report, the Receiver expects to complete the administration in the next three (3) months and will be able to apply to the Court to obtain its discharge.

Dated in Montréal, Québec, this 26th day of September 2023.

MNP LTD

In its capacity as Receiver to the property of:

Société en commandite Industriel-Léger & 9058-0150 Quebec Inc.

and not in its personal or corporate capacity



Sheri L. Aberback, CIRP, LIT, CFE

Senior Vice President

IN THE MATTER OF THE RECEIVERSHIP OF
 SOCIÉTÉ EN COMMANDITE INDUSTRIEL-LÉGER & 9058-0150 QUEBEC INC.

INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

As of September 25, 2023

RECEIPTS	(\$)	(\$)
Realisation of assets		
Sale of properties		
Garlock Lot 1 395 055		1,257,066.04
Garlock Lot 1 395 054		2,731,619.34
Industriel Sherbrooke		2,740,242.75
Industriel Magog		3,327,883.83
Miscellaneous		
Rental Income		910,755.28
Settlement		108,940.96
Interest allocation		149,678.28
Cash in bank		5,207.02
Miscellaneous refunds:		
Property Tax refund		58,743.58
Taxes:		
GST collected		51,054.86
QST collected		101,855.70
Refund of CTI		24,015.54
Refund of RTI		39,650.43
TOTAL RECEIPTS		<u>11,506,713.61</u>
DISBURSEMENTS		
Paid fees:		
Fees paid to registrar	-	
Filing fees paid to Official Receiver	<u>143.08</u>	143.08
Notice and Statement of Receiver:		
To 100 creditors	75.00	
Postage	<u>47.50</u>	122.50
Notice and Statement Interim Report:		
To 25 creditors	75.00	
Postage	<u>47.50</u>	122.50

IN THE MATTER OF THE RECEIVERSHIP OF
 SOCIÉTÉ EN COMMANDITE INDUSTRIEL-LÉGER & 9058-0150 QUEBEC INC.

INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

As of September 25, 2023

Premium:		
Insurance		62,002.69
Miscellaneous disbursements:		
Utilities	97,221.73	
Transfer to Trustee (Bankruptcies of SEC and 9058-0150 Qc inc.)	42,995.00	
Appraisal fees	32,675.59	
Maintenance, supervision & Repair	29,536.67	
Property Management	21,576.24	
Land surveyor	13,072.00	
School Taxes	10,099.36	
Messenger, photocopies, faxes, communications	6,499.92	
Storage	950.00	
Computer services	170.00	
Bank charges	6.75	254,803.26
	Sub-Total of Disbursements	317,194.03
Receiver fees		473,751.65
Legal fees/disbursements		285,225.41
Taxes:		
GST charged on Receiver remuneration	23,705.12	
QST charged on Receiver remuneration	47,291.63	70,996.75
GST on legal fees	14,175.84	
QST on legal fees	28,280.77	42,456.61
GST paid on disbursements exclusive of fees	7,597.51	
QST paid on disbursements exclusive of fees	15,156.78	22,754.29
Payment of excise taxes :		
GST remitted	26,332.57	
QST remitted	52,547.03	78,879.60
TOTAL DISBURSEMENTS		1,291,258.34

IN THE MATTER OF THE RECEIVERSHIP OF
SOCIÉTÉ EN COMMANDITE INDUSTRIEL-LÉGER & 9058-0150 QUEBEC INC.

INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

As of September 25, 2023

AMOUNT AVAILABLE FOR DISTRIBUTION		<u>10,215,455.27</u>
PAYMENTS		
Secured Creditors		
9286-2929 Québec inc.	5,118,316.53	
Consolidated Capital GP	1,581,353.24	
FWCU Capital Corp.	<u>2,500,000.00</u>	9,199,669.77
TOTAL PAYMENTS		<u>9,199,669.77</u>
AMOUNT HELD IN TRUST BEFORE PRIORITY CHARGES		<u>1,015,785.50</u>
Reserves For Priority Charges		
Receiver's Administration Charge	<u>200,000.00</u>	200,000.00
AMOUNT HELD IN TRUST AFTER PRIORITY CHARGES		<u>815,785.50</u>

APPENDIX F

IN THE MATTER OF THE RECEIVERSHIP OF
 SOCIÉTÉ EN COMMANDITE INDUSTRIEL-LÉGER & 9058-0150 QUEBEC INC.

FINAL STATEMENT OF RECEIPTS AND DISBURSEMENTS

RECEIPTS	(\$)	(\$)
Realisation of assets		
Sale of properties		
Garlock Lot 1 395 055		1,257,066.04
Garlock Lot 1 395 054		2,731,619.34
Industriel Sherbrooke		2,740,242.75
Industriel Magog		3,327,883.83
Miscellaneous		
Rental Income		910,755.28
Settlement		108,940.96
Interest allocation		152,678.28
Cash in bank		5,207.02
Miscellaneous refunds:		
Property Tax refund		58,743.58
Taxes:		
GST collected		51,054.86
QST collected		101,855.70
Refund of CTI		25,762.08
Refund of RTI		43,134.78
TOTAL RECEIPTS		<u>11,514,944.50</u>
DISBURSEMENTS		
Paid fees:		
Filing fees paid to Official Receiver	<u>143.08</u>	143.08
Notice and Statement of Receiver:		
To 100 creditors	75.00	
Postage	<u>47.50</u>	122.50
Notice and Statement Interim Report:		
To 25 creditors	450.00	
Postage	<u>285.00</u>	735.00

IN THE MATTER OF THE RECEIVERSHIP OF
 SOCIÉTÉ EN COMMANDITE INDUSTRIEL-LÉGER & 9058-0150 QUEBEC INC.

FINAL STATEMENT OF RECEIPTS AND DISBURSEMENTS

Notice and Statement of Final Report:		
To 25 creditors	50.00	
Postage	22.50	72.50
Premium:		
Insurance		62,002.69
Miscellaneous disbursements:		
Utilities	97,221.73	
Transfer to Trustee (Bankruptcies of SEC and 9058-0150 Qc inc.)	42,995.00	
Appraisal fees	32,675.59	
Maintenance, supervision & Repair	29,536.67	
Property Management	21,576.24	
Land surveyor	13,072.00	
School Taxes	10,099.36	
Messenger, photocopies, faxes, communications	8,263.31	
Storage	1,200.00	
Computer services	220.00	
Bank charges	6.75	256,866.65
	Sub-Total of Disbursements	319,942.42
Receiver fees		508,968.05
Legal fees/disbursements		296,854.41
Taxes:		
GST charged on Receiver remuneration	25,465.94	
QST charged on Receiver remuneration	50,804.47	76,270.41
GST on legal fees	14,757.29	
QST on legal fees	29,440.76	44,198.05
GST paid on disbursements exclusive of fees	7,734.93	
QST paid on disbursements exclusive of fees	15,430.93	23,165.86
Payment of excise taxes :		
GST remitted	26,332.57	
QST remitted	52,547.03	78,879.60
TOTAL DISBURSEMENTS		1,348,278.80

CANADA
PROVINCE OF QUEBEC
DISTRICT OF QUEBEC
DIVISION NO: 04 - SAINT-FRANÇOIS
COURT NO: 450-11-000012-215
FILE NO: 42-045484/42-045485

Appendix F
SUPERIOR COURT
Commercial Chamber

IN THE MATTER OF THE RECEIVERSHIP OF
SOCIÉTÉ EN COMMANDITE INDUSTRIEL-LÉGER & 9058-0150 QUEBEC INC.

FINAL STATEMENT OF RECEIPTS AND DISBURSEMENTS

AMOUNT AVAILABLE FOR DISTRIBUTION		<u><u>10,166,665.70</u></u>
PAYMENTS		
Secured Creditors		
9286-2929 Québec inc.	5,118,316.53	
Consolidated Capital GP	1,581,353.24	
FWCU Capital Corp.	<u>3,466,995.93</u>	<u>10,166,665.70</u>
TOTAL PAYMENTS		<u><u>10,166,665.70</u></u>