

CANADA  
PROVINCE OF QUÉBEC  
DISTRICT OF MONTREAL  
DIVISION NO.: 01-MONTRÉAL  
COURT NO.: 500-11-039401-100  
ESTATE NO.: 41-342575

SUPERIOR COURT  
(Commercial Division)  
*Bankruptcy and Insolvency Act*

IN THE MATTER OF THE RECEIVERSHIP OF:

**4425529 CANADA INC.**, a body politic and corporate, duly incorporated according to law and having its head office and its principal place of business at:  
5300 Côte Saint-Luc Blvd.  
Montreal, Québec H3X 0A3

**Debtor/Bankrupt**

-and-

**RICHTER ADVISORY GROUP INC.**  
(Formerly RSM RICHTER INC.)

**Receiver**

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

Richter Advisory Group Inc. (formerly RSM Richter Inc.) ("Richter"), in its capacity as Receiver to the assets of 4425529 Canada Inc. ("Company" or "Debtor" or "Bankrupt"), an insolvent person, hereby submits its fourth report concerning the affairs of the Debtor.

As previously reported, the significant facts are summarized as follows:

**A) Overview**

1. The Company, incorporated in May 2007, is owned 80% by 6743307 Canada Inc., a bankrupt company which was part of the Groupe Melior Inc. corporate structure ("Groupe Melior"), and 20% by 9102-6484 Québec Inc.
2. The Company's principal assets is a residential building for seniors, referred to as Residence Vista, located at 5300 Côte Saint-Luc Blvd. Montreal, Quebec (the "Property").
3. The Property's construction was completed in June 2009.
4. The Property is marketed as a residence for seniors, which offers varying levels of services, depending on the mobility and health of the tenants. The Property offers housing to independent/autonomous residents, semi-independent/semi-autonomous residents, as well as long-term care dependent tenants.
5. The Property was initially managed by Groupe Melior, under the direction of Mr. Jean Maynard, until March 31, 2010, when Cogir Management Corporation/Société de Gestion Cogir, s.e.n.c. ("Cogir" or "Property Manager") was retained to manage the Property.

6. The Company was financed by 1397225 Ontario Limited, the mortgage creditor, represented by Trez Capital.

**B) Receivership**

7. On August 3, 2010, 1397225 Ontario Limited filed a Motion for the Appointment of a Receiver to the assets of the Debtor and, on August 4, 2010, the Court granted an Order appointing Richter as Receiver (the "Receiver Order"), with the powers provided therein.
8. On August 13, 2010, Richter, as Receiver, mailed its Notice and Statement of the Receiver, to all known creditors.
9. Pursuant to the appointment of Richter as Receiver, Cogir's mandate to manage the Property was confirmed. Cogir's responsibilities included overseeing the Property's "in-house" management team and personnel, providing strategic assistance and guidance in the marketing of the residence as well as for maintaining its books and records.
10. The Receiver, as provided in the Receiver Order, took control of the Property as well as monitored the matters relating to its operations and financial results, based on the information submitted by Cogir. All invoices for current purchases and services provided since the Receiver's appointment have been paid as they come due, as further discussed in Section F of this Report.

**C) Bankruptcy**

11. On September 20, 2010, as provided for in the Receiver Order, Richter, as Receiver, caused to have 4425529 Canada Inc. file an assignment in bankruptcy in accordance with Article 49 of the Bankruptcy and Insolvency Act and Richter was appointed Trustee to the Bankruptcy ("Trustee").
12. On September 23, 2010, Richter, as Trustee, mailed its Notice of Bankruptcy and First meeting of Creditors to all known creditors.
13. On September 30, 2010, Richter, as Trustee, issued its Trustee's Report which was made available to the creditors present at the First Meeting of Creditors and posted it on its website.
14. On October 5, 2010, the First Meeting of Creditors was held and Richter was confirmed as Trustee.

**D) Sale Process**

15. In May 2011, the Receiver conducted a sale process. None of the conditional offers received were retained.

**E) Voluntary taking in Payment**

16. Although all the rights, title and interest in the deed of hypothec were originally held by 1397225 Ontario Limited, they were assigned to 2242226 Ontario Inc. (the "Mortgage Holder").
17. Although over time the Property's performance improved, its occupancy rate was not sufficient to cover the operating costs, interest and charges.
18. The Mortgage Holder issued on April 19, 2012, a Prior Notice of the Exercise of a Hypothecary Right – Taking in Payment.
19. During the Receivership period, no payment of interest or reimbursement of capital was made.


20. The Mortgage Holder was owed in excess of \$48,000,000 (capital and interest) as at October 17, 2013.
21. On October 18, 2013, the Trustee in bankruptcy executed, with the approval of the inspectors of the Bankrupt Estate, a Voluntary Taking in Payment transaction in favor of the Mortgage Holder.
22. All the assets of the Bankrupt were pledged under the deed of hypothec held by the Mortgage Holder.
23. Consequently, pursuant to the transfer of the Bankrupt's assets under the Voluntary Taking in Payment Transaction, the Receiver ceased to control the Property and to monitor the matters relating to its operations.

**F) Statement of Receipts and Disbursements**

24. Over the course of the Receivership mandate, the Receiver monitored the operations of the Property, including the review and approval of all invoices and disbursements.
25. The Receiver also insured that all of the outstanding obligations for goods or services received at the Property for the period ended October 18, 2013, were paid.
26. All professional fees incurred for services rendered by Richter relating to the administration of the Receivership and Bankruptcy matters are paid directly by the Mortgage Holder.
27. We refer you to Exhibit "1" for the Receiver's Statement of Receipts and Disbursements for the period from August 4, 2010 to September 30, 2014.
28. Pursuant to the Voluntary Taking in Payment transaction, any remaining funds in the Receiver's accounts are the property of 2242226 Ontario Inc.
29. Upon the completion of its administration, the Receiver will remit, as instructed, the remaining funds to 2242226 Ontario Inc., the Mortgage Holder.

DATED AT MONTRÉAL, this 7<sup>th</sup> day of October 2014.

**Richter Advisory Group Inc.**  
**(Formerly RSM Richter Inc.)**  
**Receiver**



Yves Vincent, FCPA, FCA, CIRP  
Administrator

**In the Matter of the Receivership of 4425529 Canada Inc. (Residence Vista)**  
a body politic and corporate, duly incorporated according to law and having its principal place of business at  
5300 Côte St-Luc Blvd, Montréal, Québec

Statement of Receipts and Disbursements					
	Operations of Residence Vista			Receiver's	Total
	Total			Trust account	
	Aug. 4, 2010	Mar. 1, 2013	Aug. 4, 2010	Aug. 4, 2010	Aug. 4, 2010
	to	to	to	to	to
	Feb. 28, 2013	Sept. 30, 2014	Sept. 30, 2014	Sept. 30, 2014	Sept. 30, 2014
<b>Cash Receipts</b>					
Cash in bank	\$ 229,226	\$ 178,471	\$ 229,226	\$ -	\$ 229,226
Rental Revenues	11,129,139	3,906,402	15,035,541	-	15,035,541
Other Revenues/Refunds	631,698	199,100	830,797	50,533	881,330
Collection of Insurance proceeds	-	-	-	268,104	268,104
Transfer of excess cash from operations	(1,625,000)	(683,436)	(2,308,436)	2,308,436	-
	<u>10,365,063</u>	<u>3,600,538</u>	<u>13,787,129</u>	<u>2,627,072</u>	<u>16,414,202</u>
<b>Cash Disbursements</b>					
Wages & Levies	4,660,500	1,531,524	6,192,025	-	6,192,025
Management Fees	533,469	184,478	717,948	-	717,948
Food	667,935	281,016	948,951	-	948,951
Realty Taxes	1,221,803	351,413	1,573,215	119,476	1,692,691
Utilities	802,029	229,105	1,031,133	-	1,031,133
Insurance	85,012	-	85,012	-	85,012
Marketing, Commissions and Animation	482,983	126,237	609,220	-	609,220
Administration	682,925	311,631	994,556	5,677	1,000,233
Repairs & Maintenance	562,610	182,452	745,062	-	745,062
Service Fees/Referral Fees	27,986	3,194	31,179	-	31,179
Professional Fees - RSM Richter Inc. Note 1	-	-	-	-	-
Professional Fees - Siskeman Elliot/De Grandpré Chait Note 1	-	-	-	-	-
CapEx	459,339	151,946	611,285	-	611,285
	<u>10,186,592</u>	<u>3,352,995</u>	<u>13,539,586</u>	<u>125,153</u>	<u>13,664,740</u>
<b>Net Cash Flow from Operations</b>	<u>178,471</u>	<u>247,543</u>	<u>247,543</u>	<u>2,501,919</u>	<u>2,749,462</u>
Transfer to Mortgage Holder	-	(247,543)	(247,543)	(2,210,000)	(2,457,543)
<b>Remaining funds</b>	<u>\$ 178,471</u>	<u>\$ (0)</u>	<u>\$ (0)</u>	<u>\$ 291,919</u>	<u>\$ 291,919</u>
<p><b>Note 1:</b> The above statement of receipts and disbursements is before consideration of professional fees for services rendered by the Receiver and legal counsels which are paid directly by the Mortgage Holder.</p> <p><b>Note 2:</b> The accruals, as of September 30, 2014, relating to the Receivership period for potential tax liabilities, are estimated at \$110,000.</p> <p><b>Note 3:</b> Pursuant to the Voluntary Taking in Payment transaction, the various assets of the Debtor were transferred to the Mortgage Holder.</p> <p><b>Note 4:</b> Upon the completion of its administration, the Receiver will remit the remaining funds to 2242226 Ontario Inc.</p>					

**Richter Advisory Group Inc.**  
(Formerly RSM Richter Inc.)  
Receiver

Oct. 7<sup>th</sup> 2014  
Date

[Signature]  
Per: Yves Vincent, FCPA, FCA, CIRP