

**CANADA  
PROVINCE OF QUÉBEC  
DISTRICT OF MONTREAL  
DIVISION NO.: 01-MONTRÉAL  
COURT NO.: 500-11-038703-100  
ESTATE NO.: 41-342522**

**SUPERIOR COURT  
(Commercial Division)**

**IN THE MATTER OF THE RECEIVERSHIP OF:**

**9178-2292 QUEBEC INC.**, a body politic and corporate,  
duly incorporated according to law and having its head  
office and its principal place of business at:  
263 Ste-Rose Blvd.  
Laval, Québec

**Debtor**

**-and-**

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

**Receiver**

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**RECEIVER'S THIRD REPORT ON THE AFFAIRS OF THE DEBTOR  
(S.246(1))**

Richter Advisory Group Inc. (formerly RSM Richter Inc.) ("Richter"), in its capacity as Receiver to the assets of 9178-2292 Québec Inc. ("Company" or "Debtor"), an insolvent person, is hereby submitting its second report on the affairs of the Debtor:

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

**A) Overview**

1. The Company, incorporated in January 2007, was owned by 9143-1304 Québec Inc., a bankrupt company which was part of the Groupe Melior Inc. corporate structure ("Groupe Melior").
2. The Company's principal asset comprised of a residential building for seniors, referred to as Domaine Des Forges III, located at 263 Ste-Rose Blvd., in Laval, Québec ("Property").
3. The Property consisted of a stand-alone apartment building, which offered housing to independent living residents, has eighty-four (84) residential units, two (2) commercial spaces and (2) offices.
4. 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.

5. The Company was financed by Royal Bank of Canada ("RBC"), the mortgage creditor.

**B) Bankruptcy**

6. On April 1, 2010, the Company filed a Notice of Intention to Make a Proposal ("NOI") with Ernst & Young Inc. as Trustee.
7. Pursuant to the filing of the initial NOI, the Court granted various Orders extending the delay to file a Proposal until July 12, 2010.
8. Prior to July 12, 2010, the Debtor did not make a further request for an extension to make a Proposal, nor filed a Proposal. Consequently, the Debtor was declared bankrupt on July 13, 2010. On July 13, 2010, Ernst & Young Inc. filed a Motion for Direction in Court to seek approval to not take possession and abandon the Property, in light of the appointment of a Receiver. The said Motion was granted on July 14, 2010.

**C) Receivership**

9. On June 8, 2010, RBC filed a Motion for the Appointment of a Receiver to the assets of the Debtor and on June 9, 2010, the Court granted an Order appointing Richter as Receiver to the assets of the Debtor (the "Receiver Order") with the powers provided therein.
10. On June 18, 2010, a Notice and Statement of the Receiver was mailed to all known creditors.
11. Pursuant to the appointment of the Receiver, Cogir's mandate to manage the Property was confirmed. Cogir's responsibilities included overseeing the Property's "in-house" management teams and personnel, providing strategic assistance and guidance in the marketing of the residence and maintaining the books and records of the Property.
12. The Receiver, as provided in the Receiver Order, monitored the affairs of the Property, its operations and financial results, based on the information provided by Cogir. All invoices for current purchases and services provided since the Receiver's appointment were paid as they came due, as further discussed in Section E of this Report.

**D) Sale of Property**

13. Further to a sale process conducted by Price Waterhouse Coopers ("PWC"), which commenced in July 2010, and lengthy negotiations with one of the offerors, an acceptable Offer to Purchase was submitted on March 2, 2011.
14. On March 3, 2011, PWC, with the consent of the Receiver, RBC and Central Mortgage Housing Corporation ("CMHC"), accepted the Offer to Purchase, subject to Court approval.
15. On March 19, 2011, RBC, with the consent of CMHC, filed a Motion Seeking the Authorization to Sell Property of the Debtor and the Issuance of a Vesting Order, in accordance with Section 243 of the *Bankruptcy and Insolvency Act*.
16. On March 22, 2011, a Court Order was granted authorizing the Receiver to sell the Property of the Debtor to 9230-6729 Québec Inc. (assigned to 9183-6932 Québec Inc.) ("Purchaser") and to take the necessary steps to do so ("Sale Order").

17. On April 8, 2011, pursuant to the Sale Order, the Receiver and the Purchaser concluded the sale transaction and the Deed of Sale was signed and subsequently registered on April 12, 2011.

**E) Statement of Receipts and Disbursements**

18. Over the course of the Receivership mandate, the Receiver monitored the operations of the Property, including the review and approval of all invoices and the issuance of all payments.
19. Pursuant to the closing of the sale transaction, the Receiver collected the rents and paid all of the outstanding obligations for goods or services received at the Property, for the period up to and including April 8, 2011.
20. All professional fees incurred for services rendered by Richter relating to the administration of the receivership and bankruptcy matters were paid directly by RBC, the mortgage creditor.
21. Since the sale of the Property on April 8, 2011, there has been no other realization of assets.
22. We refer you to **Exhibit "1"** for the Statement of Receipts and Disbursements for the period from June 8, 2010 to February 28, 2013.

DATED AT MONTRÉAL, this 10th day of April 2013.

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



Yves Vincent, FCPA, FCA, CIRP  
Administrator

In the Matter of the Receivership of 9178-2292 Québec Inc. (Domaine des Forges III)  
a body politic and corporate, duly incorporated according to law and having its principal place of business at  
263 St-Rose Blvd., Laval Québec

Statement of Receipts and Disbursements				
	June 8, 2010 to April 30, 2011	May 1, 2010 to Sept 30, 2012	Oct. 1, 2012 to Feb.28, 2013	Total
<b>Cash Receipts</b>				
Cash in bank	\$ 29,636	\$ 34,371	\$ -	\$ 29,636
Rental Revenues	860,913	-	-	860,913
Other Revenues	66,567	246	-	66,813
Recovery of Realty Taxes	33,440	-	-	33,440
Sale Proceeds	-	-	-	-
Advances from RBC	25,000	-	-	25,000
	<u>1,015,555</u>	<u>34,617</u>	<u>-</u>	<u>1,015,802</u>
<b>Cash Disbursements</b>				
Wages & Levies	155,889	77	-	155,966
Services, 9145-8794 Québec Inc. (DDFI)	52,708	3,201	-	55,909
Services, 9157-7437 Québec Inc (DDFI)	36,860	-	-	36,860
Insurance	7,805	(4,735)	-	3,070
Utilities	126,987	7,384	-	134,371
Advertising & Marketing	10,471	1,728	-	12,197
Administration	18,880	1,932	-	20,813
Repairs & Maintenance	83,176	7,741	-	90,917
Management Fees	50,399	1,571	-	51,970
Professional Fees	-	-	-	-
Other	3,759	-	-	3,759
	<u>546,933</u>	<u>18,899</u>	<u>-</u>	<u>565,832</u>
<b>Net Cash Flow from Operations</b>	<u>468,623</u>	<u>15,718</u>	<u>-</u>	<u>449,970</u>
Remittances to RBC	434,252	15,718	-	449,970
<b>Cash on Hand</b>	<u>\$ 34,371</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Note 1:** The sale proceeds were remitted directly to RBC, the mortgage creditor.  
**Note 2:** All professional fees for services rendered are being paid directly by RBC

Richter Advisory Group Inc.  
Receiver

Date

April 10<sup>th</sup> 2013

Per: Yves Vincent, FCPA, FCA, CIRP