

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL
DIVISION NO.: 01-MONTRÉAL
COURT NO.: 500-11-065279-255
ESTATE NO.: 41-345183

SUPERIOR COURT
Bankruptcy and Insolvency Act
IN THE MATTER OF THE RECEIVERSHIP OF:

9418-8778 QUÉBEC INC.

a corporation existing under the *Canada Business Corporations Act*, having its principal place of business at 3145 Jarry Street East, Montreal, Québec, H1Z 0B6

Debtor

-and-

EQUITABLE BANK

a corporation existing under the *Bank Act of Canada*, having its principal place of business at 30 Saint Claire Avenue West, suite 700, Toronto, Ontario, M4V 3A1

Secured Creditor

-and-

RICHTER INC.

Receiver

FIRST INTERIM REPORT OF THE RECEIVER

INTRODUCTION

1. On March 14, 2025, Richter Inc. was appointed Interim Receiver to the assets of 9418-8778 Québec Inc. (the “**Company**” or “**Debtor**”).
2. On April 10, 2025, Equitable Bank (“**EQB**” or the “**Secured Creditor**”), filed an Application for the Appointment of a Receiver (“**Receivership Application**”), pursuant to Section 243 of the *Bankruptcy and Insolvency Act* (“**BIA**”) with respect to the assets of the Company.
3. On May 2, 2025, the Quebec Superior Court (the “**Court**”) issued an order (the “**Receivership Order**”), appointing Richter Inc. (“**Richter**” or the “**Receiver**”) as receiver to the property of the Debtor located at 3145 Jarry Street East, Montreal (the “**Property**” or “**Immovable**”).

4. The Receivership Order authorizes the Receiver to exercise, without having any obligation to do so, amongst other things, the following powers:

- Take all the necessary steps in respect of the protection and conservation of the Immovable;
- Take possession of the books and records of the Debtor;
- Control of the receipts and disbursements of the Debtor;
- The completion and/or sale of the construction project relating to the Immovable, including obtaining all necessary permits and licenses;
- The sale of all residential and/or commercial units comprising the Immovable, in the event that the said Immovable is or becomes subject to a divided co-ownership (condominium) regime; and
- All necessary powers to review the security and hypothecs published against the property and to seek further instructions from the Court.

PURPOSE OF THIS REPORT

5. The purpose of this report (the “**First Interim Report**”) is to update the creditors with information pertaining to:

- i. Background information and operations of the Company;
- ii. The activities of the Receiver since the granting of the Receivership Order;
- iii. The sale process;
- iv. Interim statement of receipts and disbursements; and
- v. The anticipated completion of the receivership.

QUALIFICATIONS

6. Unless otherwise noted, all monetary amounts contained in this Report are expressed in Canadian dollars.

7. In preparing this First Interim Report, the Receiver has relied upon certain unaudited information from the Secured Creditor as well as discussions with the Secured Creditor’s representatives and legal counsel (the “**Information**”). As noted below, current and former representatives of the Debtor have not been cooperative and have not provided the Receiver with access to the books and records of the Company.

8. Except as otherwise described in this Report, the Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards (“**GAAS**”) pursuant to the Chartered Professional Accountant of Canada Handbook and, as such, the Receiver expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information. The Information has been provided by the Secured Creditor, who is responsible for the accuracy of such Information.

BACKGROUND AND OPERATIONS OF THE DEBTOR

9. Reference is made to the Receivership Application. While this First Interim Report summarizes some of the information set out in the Receivership Application, for context, readers are directed to the Receivership Application for a more detailed explanation of the grounds for such application.
10. The Debtor's principal activity is the development of a 78-unit condo project ("Project") located at 3145 Jarry Street East, Montreal which was still under construction at the time of the Receivership Order.
11. The privately owned Company's shareholder and now sole director is Nabil Fawaz. Mr. Fawaz replaced Réal Thivierge as the sole director on March 25, 2025, subsequent to the appointment of Richter as Interim Receiver.
12. On March 30, 2021, the Debtor entered into a loan agreement ("Loan Agreement") with EQB for \$16,900,000 to finance the development and construction of the Project. The loan is secured by a first ranking immovable hypothec on the Property in the amount of \$18,590,000 plus an additional hypothec on the Property for an amount equal to 25%. The loan matured on September 1, 2023.
13. On December 16, 2020, Capital Corporation Ltd ("Capital Corp") granted a hypothec to the Debtor in the amount of \$3,075,000, for which its rank was later assigned to EQB.
14. EQB noted several defaults in the Loan Agreement including the publication of various liens currently totaling approximately \$3.3 million taken against the Property. Included is a lien claim made by the general contractor, Lambda General Contractors ("Lambda"), in the amount of \$1,351,656.33.
15. Despite the loan maturing and the various defaults in the Loan Agreement, on March 4, 2024, EQB and the Debtor entered into a forbearance agreement ("Forbearance Agreement") (subsequently amended on April 12, 2024), which would permit the Debtor to complete the Project with additional financing, subject to certain conditions, as further detailed in the Receivership Application.
16. In addition to the Forbearance Agreement, there was an agreement between the Debtor and Lambda with respect to the completion of the Project and that the existing liens would be cancelled.
17. The Project was never completed, and the Debtor is indebted to EQB in the amount of approximately \$23.6 million. Additional costs were incurred by the Debtor, without the approval of EQB.
18. The Debtor refused to contribute any additional funds in order to complete the Project and pay Lambda and the subcontractors. At the time of the appointment of the Receiver, the execution of Lambda and the subcontractors' work had ceased .
19. On January 28, 2025, EQB served the Debtor with the notice to enforce security under section 244 of the *Bankruptcy and Insolvency Act*.

ACTIVITIES OF THE RECEIVER

20. Since the granting of the Receivership Order, the Receiver has (directly or through its legal counsel):

- i. Taken possession and control of the Property;
- ii. Put security and protective measures in place to safeguard the Property;
- iii. Performed regular on-site visits;
- iv. Opened up a Receiver bank account to control receipts and disbursements;
- v. Held numerous meetings and discussions with EQB and EQB's legal counsel;
- vi. Analyzed the remaining costs to complete the Project;
- vii. Cancelled 15 promises to purchase signed prior to the receivership and arranged for the return of deposits to the various purchasers;
- viii. Initiated a sales process for the acquisition of the Property, as further detailed below;
- ix. Filed an application to Court to compel the Debtor and its representatives to provide the Company's books and records to the Receiver. The Court granted the Order, however, despite the Receiver's numerous attempts to obtain the required information, it has been disregarded by the Debtor's current representative Mr. Fawaz;
- x. Dealt with suppliers claiming ownership over various construction supplies and equipment;
- xi. Responded to numerous legal actions taken by construction lien holders and filed various notices of stay of proceedings;
- xii. Requested the Receiver's legal counsel to prepare a legal opinion on the validity of the EQ Bank's security, which opinion is under way;
- xiii. Responded to Capital Corp's legal counsel's queries and contested its legal action; and
- xiv. Prepared this First Interim Report.

SALE OF PROPERTY

21. On August 11, 2025, the Receiver launched a sale process for the acquisition of the Project ("Sale Process"). The Receiver circulated a teaser to 62 potentially interested parties, including real estate developers, investors, real estate professionals and other parties aware of the Project.

22. The deadline to submit offers was September 11, 2025 at 12:00 p.m. (EDT) (the "Deadline").

23. A total of 10 interested parties signed a non-disclosure agreement and were granted access to a virtual data room which included the Terms and Conditions Governing the Sale of the Assets, as well as more detailed information about the Property.

24. On September 11, 2025, the Receiver received several offers. Following a review and analysis conducted by the Receiver in consultation with EQB, the offers were deemed unsatisfactory and insufficient and were rejected.

25. On September 25, 2025, Richter advised all the bidders who submitted a bid that their offer was not accepted and that there would be a second sales process launched. On the same day, the Receiver initiated a second sales process and notified the bidders of the first sales process, those interested parties who had access to the data room as well as potentially new interested parties of the second sales process. The deadline to submit offers for the second sales process was October 14, 2025 (subsequently extended to October 20, 2025).
26. On October 20, 2025, the Receiver once again received several offers. After review and analysis by the Receiver and EQB, it was determined that the offer from Elm Acquisition Corp (the “**Purchaser**”) was the best offer and should be accepted, as it was significantly higher than any offer received in both the first and second rounds.
27. As at the time of the filing of the First Interim Report, the negotiation of a final agreement between the Purchaser and the Receiver (the “**Transaction**”) is not yet complete. Once a definitive agreement has been executed, the Receiver will file an application to have the agreement approved, subject to the appropriate protection for various construction hypothecs currently registered against the Property.

INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

28. An interim statement of receipts and disbursements has been produced for the period from May 2, 2025 to January 23, 2026, attached hereto as **Appendix A**. The costs of the receivership are being funded by EQ Bank.

ANTICIPATED COMPLETION OF THE RECEIVERSHIP

29. The following is the intended plan of action of the Receiver, in accordance with the Receivership Order, to complete the receivership:
 - i. Complete the Transaction including Court approval;
 - ii. Review the existing hypothecs and liens on the Project to determine their validity and to settle same and seek direction from the Court, as necessary; and
 - iii. Any other matters with respect to the receivership as may arise.
30. It is too preliminary at this time to determine when the receivership will be completed.

31. Based on the offers received and the Transaction, the Receiver is of the opinion that there will be no funds available to unsecured creditors or to secured creditors who rank behind EQ Bank.

DATED AT MONTREAL, this 30th day of January 2026

Richter Inc.

In its capacity as Court appointed Receiver of
9418-8778 Québec Inc. and not in its personal or
corporate capacity



Olivier Benchaya, CPA, CIRP, LIT



Andrew Adessky, CPA, CIRP, LIT

APPENDIX "A"

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL
DIVISION NO.: 01-MONTRÉAL
COURT NO.:500-11-065279-255
FILE NO.: 41-345183

SUPERIOR COURT
(Commercial Division)
Insolvency and Bankruptcy Act.

IN THE MATTER OF THE RECEIVERSHIP OF 9418-8778 QUÉBEC INC.
legal person duly incorporated under the laws of Canada, having its principal place
of business at 3145 Jarry Street East, Montreal, Québec, H1Z 2C2

DEBTOR

RECEIVER'S INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS
for the period May 2, 2025 to January 23, 2026

RECEIPTS

1. Advance from Secured Lender	\$ 227,507.73
2. Interest	2,702.65
	230,210.38

TOTAL RECEIPTS

DISBURSEMENTS

1. Fees paid	83.96
a) To Official Receiver	
2. Operating costs	64,204.78
a) Municipal and school taxes	50,672.31
b) Security & protective measures	20,491.81
c) Utilities	6,491.26
d) Repairs and maintenance	
e) Bank charges	6.94
	141,951.06

TOTAL DISBURSEMENTS BEFORE RECEIVER'S REMUNERATION AND LEGAL FEES

3. Sales taxes paid	7,240.59
a) GST paid	13,204.44
b) QST paid	
d) GST remitted	-
e) QST remitted	-
4. Receiver's fees	20,445.03
5. Legal counsel fees	59,016.00
	221,412.09

TOTAL DISBURSEMENTS

AMOUNT HELD IN RECEIVER'S TRUST ACCOUNT

\$ 8,798.29