

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL
No.: 500-11-065195-253

SUPERIOR COURT
Commercial Division

IN THE MATTER OF THE RECEIVERSHIP OF:

9408-7129 QUÉBEC INC.

Debtor

- and -

LAURENTIAN BANK OF CANADA

Secured Creditor

- and -

DELOITTE RESTRUCTURING INC.

Receiver/Petitioner

- and -

COMPLEXE DU MUSÉE INC.

Impleaded Party (Purchaser)

-and-

GROUPE MACH ACQUISITION INC.

Impleaded Party (Guarantor)

-and-

THE REGISTRAR OF THE REGISTER OF
PERSONAL MOVABLE REAL RIGHTS (QUEBEC)

-and-

THE REGISTRAR OF THE LAND REGISTER FOR
THE REGISTRATION DIVISION OF MONTREAL

Impleaded Parties

APPLICATION FOR THE ISSUANCE OF
AN APPROVAL AND REVERSE VESTING ORDER
(Sections 183(1.1) and 243 of the *Bankruptcy and Insolvency Act*)

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TO THE HONOURABLE ANDRES C. GARIN, J.S.C. OF THE SUPERIOR COURT, SITTING IN COMMERCIAL DIVISION, IN AND FOR THE JUDICIAL DISTRICT OF MONTRÉAL, THE APPLICANT RESPECTFULLY SUBMITS THE FOLLOWING:

1. ORDERS SOUGHT AND INTRODUCTION

1. The applicant, Deloitte Restructuring Inc., in its capacity as the court-appointed receiver ("**Deloitte**" or the "**Receiver**") over certain property of the debtor, 9408-7129 Québec Inc. (the "**Debtor**"), hereby submits the present *Application for the Issuance of an Approval and Reverse Vesting Order* (the "**Application**"), by which the Receiver seeks, pursuant to the *Bankruptcy and Insolvency Act*, R.S.C., 1985, c. B-3 (the "**BIA**"), the issuance by the Superior Court of Québec (Commercial Division) (the "**Court**") of an approval and reverse vesting order (the "**Approval and Reverse Vesting Order**"), substantially in the form of the draft Approval and Reverse Vesting Order communicated herewith as **Exhibit R-1**,¹ providing for, *inter alia*, the following relief:
 - (a) Approval of a SPA. The authorization for the Receiver to execute, on behalf of the Debtor, a Share Purchase Agreement dated June 6, 2025 (the "**SPA**") with Complexe Du Musée Inc. (the "**Purchaser**"), which is a purchasing vehicle for Groupe Mach Acquisition Inc. ("**Groupe Mach**"), which SPA provides for the acquisition by the Purchaser of all of the shares in the Debtor, and the approval of the transactions contemplated under the SPA, including the Reorganization (as defined below) described therein (collectively, the "**Transactions**"). A non-redacted copy of the SPA is communicated herewith, *under seal*, as **Exhibit R-2A**, and a redacted copy of such SPA is communicated herewith as **Exhibit R-2B**;
 - (b) Vesting of the Excluded Assets, Excluded Contracts and Excluded Liabilities. The transfer and vesting of all Excluded Assets, Excluded Contracts and all Excluded Liabilities (as these terms are defined in the SPA) in a corporation to be incorporated by the Receiver (acting on behalf of the Debtor) for the purpose of the Transactions, which corporation is 9542-9916 Québec Inc. ("**ResidualCo**"), and the release of the Debtor from any obligations and liabilities in relation to the Excluded Assets, the Excluded Contracts and the Excluded Liabilities;
 - (c) Sealing Order. The sealing of the non-redacted copy of the SPA (Exhibit R-2A).
2. The Receiver will also seek by the present Application an *Ordonnance d'annulation et de radiation*, a copy of which is communicated herewith as **Exhibit R-3**, in order to ensure that certain security to be discharged is done so in Québec.

2. THE FACTS

2.1 OVERVIEW

3. The Debtor is a corporation incorporated pursuant to the *Business Corporations Act* (Québec), RLRQ, C. S-31.1. The primary purpose of the Debtor was the development

¹ A copy of a redline document comparing the proposed Approval and Reverse Vesting Order to the model Approval and Vesting Order of the Superior Court of Québec (Commercial Division), is communicated herewith as **Exhibit R-1A**.

and sale of a residential project comprising five (5) townhouses, fourteen (14) condominium units in downtown Montreal (the "**Project**") and parking spaces.

4. The Debtor's involvement in the Project began in 2019 and was initially scheduled to end during the fall of 2022 with the sale of all of the properties, or each of the units on a per unit basis from the completed Project.
5. However, as was further detailed in the *Demande pour la nomination d'un séquestre* filed by the Laurentian Bank of Canada (the "**LBC**"), the senior secured creditor of the Debtor, the latter faced several delays and issues in the construction of the Project, with the result being that the Project was not fully completed and no units were sold prior to the appointment of the Receiver. Furthermore, in addition to these costly delays, the Debtor was rendered insolvent due to construction cost overruns having led to significant liquidity issues.
6. As a result, the Debtor's representatives informed LBC, *inter alia*, that they had no intention to proceed with any further cash injection to cover the usual costs and necessary maintenance expenses required for the preservation and protection of the Debtor's properties.
7. Consequently, and as will be further described below, the Receiver, after having been appointed by this Court pursuant to the *Ordonnance nommant un séquestre* dated February 5, 2025 (the "**Receivership Order**"), proceeded with the conduct of a sale and investment solicitation process (the "**SISP**") in respect of the Debtor in order to identify a potential transaction in respect of either the assets or the shares of the Debtor, to be concluded either by way of a "vesting order" or a "reverse vesting order".
8. In the context of the SISP, the Receiver received various offers from interested parties.
9. After careful consideration of the offers received, the Receiver, in consultation with the LBC, selected the offer submitted by Groupe Mach as the successful bid in the context of the SISP (the "**Successful Bid**").
10. Over the course of the following weeks the Receiver and Groupe Mach, in consultation with the LBC, proceeded to negotiate and finalize the definitive transaction documentation reflecting the terms of the Successful Bid, including the SPA.
11. As will be further discussed below, the execution of the SPA represents the culmination of an extensive and robust solicitation process which was conducted by the Receiver following the issuance of the Receivership Order on February 5, 2025, and the Transactions contemplated under the SPA represent the best available outcome for the Debtor's stakeholders in the circumstances, as they will allow for a maximization of the value of the Debtor's assets and property for the benefit of its stakeholders, as well as allow for the Purchaser to continue and complete the outstanding work required to finalize and bring the Project to market.
12. The "reverse vesting structure" of the Transactions is essential to allowing the Debtor, whose operations largely consist of property and building development activities, to maintain existing licenses, permits, certifications, approvals and other requirements essential to the development and exploitation of the Project, as well as to ensure that guarantees between the Debtor and certain co-contracting parties remain in effect. In addition, and as an indirect benefit, the aforementioned structure will allow the Transactions to be implemented in the most efficient way, from a financial perspective,

by, *inter alia*, minimizing implementation costs and expenses, including in relation to transfer taxes.

13. In addition to the present Application, the Receiver will also be filing a report in advance of the hearing on the present Application (the “**Receiver’s Report**”), detailing, *inter alia*, the activities of the Receiver since its nomination pursuant to the Receivership Order and providing additional information and observations with respect to the SISP, the SPA and the Transactions.
14. Unless indicated otherwise, all references to currency in this Application are in Canadian dollars.

2.2 PROCEDURAL CONTEXT

15. On January 27, 2025, the LBC commenced the present proceedings (the “**Receivership Proceedings**”) by filing the *Demande pour la nomination d’un séquestre* (the “**Receivership Application**”).
16. On February 5, 2025, Me Vincent-Michel Aubé, Registrar, granted the Receivership Application and issued, pursuant to the BIA, the Receivership Order which provided for, *inter alia*, the following relief:
 - (a) the appointment of Deloitte as the Receiver over the following property of the Debtor (the “**Property**”):
 - (i) the immovables owned by the Debtor bearing civic numbers 3454, 3456 and 3458, avenue du Musée, Montréal (arrondissement Ville-Marie), Québec, H3G 2C7 (the “**Immovables**”); and
 - (ii) other movable property necessary to operate the Immovables and the business in place in the Immovables, including, but not limited to, all equipment, furniture, software, and cash;
 - (b) the granting to Deloitte of the powers as provided for in the Receivership Order, which powers include, among others:
 - (i) all powers necessary to take possession of the Property of the Debtor, of whatever nature, in whatever place and in whatever hands, including all property acquired by the Debtor as of the date of the Receivership Order;
 - (ii) all powers necessary for the protection and preservation of the Property of the Debtor;
 - (iii) all necessary powers to sell or dispose of the Property in the ordinary course of the Debtor’s business, and to transact in respect thereof, and to execute any document or contract required or useful for such purposes or to give effect to any such sale or disposition;
 - (iv) all necessary powers to interest or solicit a prospective purchaser or purchasers in the business of the Debtor or in the Property, in whole or in part, including, without limitation, the right to call for public

tenders or make private solicitations for the disposition of the Property;

- (v) all powers necessary to negotiate sales transactions with potential purchasers and to sign any documents necessary for this purpose; and
 - (vi) all powers to apply to the Court for an order in lieu of assignment or such other orders as may be necessary for the sale of the Property or any part or parts thereof to one or more purchasers, free and clear of any hypothec, priority or other encumbrance;
- (c) a stay of proceedings against the Debtor and its Property;
 - (d) the approval of a super-priority administration charge against the Property in an initial amount of \$500,000 to secure the Debtor's obligations towards the Receiver and Stikeman Elliott LLP, as legal advisors to the Receiver, for work performed both before and after the commencement date of these Receivership Proceedings; and
 - (e) the approval of an interim financing facility entered into between the Receiver and the LBC, and the authorization for the Receiver to borrow thereunder an amount of up to \$1,000,000 (the "**Interim LBC Financing**") to fund expenditures in order to preserve the value of the Property and to pay such other amounts as may be authorized by the Receivership Order, which amount is secured by a super-priority charge against the Property in favour of the LBC in an initial amount of \$1,200,000.

2.3 OVERVIEW OF THE DEBTOR AND THE PROJECT

- 17. Founded in November 2019, the Debtor was created in order to develop and sell the Project.
- 18. The shareholders of the Debtor are Westmount Capital Mortgage Corporation Inc., which was its majority shareholder, Paolo Presti, Presti Real Estate Holdings Inc ("**Presti Holdings**") and Place Dorée Real Estate Holdings Inc. The sole director of the Debtor was Paolo Presti.
- 19. As conceived prior to the Receivership Order, the Project was intended to be a luxurious residential development located near downtown Montréal.
- 20. Originally, Presti Holdings or an affiliated entity of Mr. Presti was responsible for the development of the Project but was, however, eventually replaced by Place Dorée Real Estate Holdings Inc.
- 21. As mentioned above, the Debtor experienced in the following years significant financial difficulties, due to, among other things, delays in construction and higher than expected construction costs, which had the result of depleting the Debtor's liquidity and undermining its ability to cover the necessary costs in order to complete, as well as maintain and preserve, the Property.
- 22. Accordingly, the LBC, as a secured creditor of the Debtor, submitted the Receivership Application and sought the appointment of Deloitte as the Receiver over the Debtor's

Property, so that it could, *inter alia*, take possession of the Property, ensure the preservation and protection of the Property, and proceed with the SISP.

3. THE RECEIVER'S SOLICITATION EFFORTS

23. Within the framework of its mandate, and shortly following its appointment as the Receiver, Deloitte conducted the SISP with a view to secure a transaction in respect of the Property and the Debtor seeking to maximize the value of the Property and the Debtor's assets.
24. Below is a description of the SISP undertaken by the Applicant since February 2025, which has ultimately led to the selection of Groupe Mach's offer as the "Successful Bid", and the execution of the SPA for which this Court's approval is hereby sought.

3.1 The SISP

25. The SISP was designed to be broad and flexible and was intended to solicit interest in, and opportunities for, a wide range of potential transactions for a sale in respect of the Debtor's Property. As such, the SISP provided the Receiver with the latitude to pursue both asset and share transactions (including through a reverse vesting structure).
26. The SISP was structured for the bulk sale of Debtor's Property, and not for the sale of the units separately.
27. Prior to initiating the SISP, and following its appointment pursuant to the Receivership Order, the Receiver conducted the following activities:
 - (a) prepared promotional materials in connection with the SISP, including but not limited to a promotional brochure, as well as an information memorandum (the "**Information Memorandum**") providing the terms and conditions associated with the SISP;
 - (b) compiled a detailed list of potential purchasers including, among others, investment funds, real estate developers and general contractors;
 - (c) established a virtual data room (the "**VDR**") where all available project information was deposited for the benefit of the SISP participants; and
 - (d) prepared a confidentiality agreement to be signed by SISP participants wishing to access the VDR.
28. The SISP was officially launched by the Receiver on February 19, 2025. As indicated in the promotional documents:
 - (a) the deadline for the submission of a binding offer was April 4, 2025, 5:00 PM (Eastern Standard Time) (the "**Bid Deadline**");
 - (b) all offers to acquire the Property was to be accompanied by a 10% deposit;
 - (c) any sale of the Property was to be made on an as-is basis, without warranty of any kind, so that no representation, warranty or assurance, express or implied, would be made in connection with any sale by the Receiver; and

- (d) prospective purchasers would have the opportunity, by way of an appointment with the Receiver, to visit the Project on one or more occasions as required throughout the term of the SISP.
29. The SISP was conducted from a period running from February 19, 2025, until April 4, 2025. The main highlights of the SISP are as follows:
- (a) on February 19, 2025, approximately 110 prospective purchasers were contacted directly by the Receiver to inform them of the SISP and all of them were provided with the supporting promotional materials prepared by the Receiver;
 - (b) over the course of the SISP, 37 additional companies were added to the list of potential purchasers. Some of these additions came from internal referrals to Receiver, while others contacted the Receiver directly to request information about the current SISP;
 - (c) throughout the SISP, the Receiver followed up with potential purchasers by way of e-mail, telephone and in-person communications, and used the virtual LinkedIn platform, a well-known website for connecting the business community, to promote the SISP to as many business contacts as possible;
 - (d) approximately 39 potential purchasers showed interest and participated in discussions about the opportunity presented by way of the SISP (the “**Active Parties**”);
 - (e) 23 potential purchasers requested access to the VDR subject to the signing of a confidentiality agreement; and
 - (f) 27 potential purchasers made one or more visits to the location of the Project.
30. On April 4, 2025, the Bid Deadline, the Receiver received 10 offers for the purchase of the Property marketed under the SISP, including a binding offer from Groupe Mach. Of the 10 offers received, 5 of them did not meet all the terms and conditions of the SISP. Nonetheless, in the interest of exploring all available opportunities so as to maximize the value of the Property, these offers were reviewed by the Receiver to consider and assess their seriousness.
31. After receiving the offers mentioned above, the Receiver, in consultation with the LBC, carefully reviewed and assessed such offers, and sought to obtain further clarification with respect to certain of the offers received.
32. Following such discussions and clarifications with the prospective purchasers having submitted offers in the SISP, the Receiver, in consultation with the LBC, selected Groupe Mach’s bid, on April 30, 2025, as the “Successful Bid” for the following reasons:
- (a) the value of the consideration offered by Groupe Mach was higher than the other offers received;
 - (b) the terms of Groupe Mach’s bid were the most favourable in the circumstances, and the offer was unconditional;

- (c) the Receiver had no reason to believe that Groupe Mach would not be able to complete and close the transaction; and
 - (d) LBC was supportive of accepting Groupe Mach's offer.
33. After having selected the Successful Bid, the Receiver notified all other potential purchasers having submitted bids that their respective bids had not been retained, and the deposits received in support thereof were returned to them by the Receiver.
34. In the following weeks, the Receiver, Groupe Mach and the LBC, assisted by their respective advisors, negotiated the terms of the definitive transaction documents reflecting the terms and conditions of the Successful Bid, including the SPA.
35. The SPA was ultimately finalized and executed on June 6, 2025.
36. Below is a summary description of the terms and conditions of the SPA, and of the Transactions contemplated thereunder.

4. **DESCRIPTION OF THE SPA AND OF THE TRANSACTIONS**²

4.1 **Overview of Terms and Conditions**

37. The SPA, and the Transactions contemplated therein, provide for, *inter alia*, the following material terms and conditions:

Key Terms	SPA
Purchaser	Complexe Du Musée Inc.
Purchased Shares	<p>The SPA will provide for, among other things:</p> <ul style="list-style-type: none"> (i) the Purchaser will subscribe for and purchase, and the Debtor will issue to the Purchaser, 1,250,000 Class "J" shares in the share capital of the Debtor (the "Purchased Shares") at a subscription price equal to the Purchase Price, free and clear of all Encumbrances (other than Permitted Encumbrances); (ii) all of the issued and outstanding shares in the share capital of the Debtor, other than the Purchased Shares, will be repurchased by the Debtor and cancelled without consideration; (iii) with the result that, immediately following such steps, the Purchased Shares will represent all of the issued and outstanding shares in the share capital of the Debtor and the Purchaser will be the sole shareholder of the Debtor at the Effective Time of the Acquisition of the Purchased Shares.
Consideration	The SPA provides for a cash purchase price payable by the Purchaser to the Debtor for the Purchased Shares at Closing, a portion of which will be funded by the "New LBC Financing" at Closing, which is a loan to be made by LBC to the Debtor at or in connection with Closing.

² Capitalized terms used in this section and not otherwise defined herein shall have the meaning ascribed to them in the Share Purchase Agreement.

Key Terms	SPA
Retained Liabilities and Excluded Liabilities	<p>Following the Closing, the Debtor shall only be bound by the Retained Liabilities which will include:</p> <ul style="list-style-type: none"> (i) any and all Liabilities of the Debtor under or in connection with the “Existing LBC Financing”, being the existent non-revolving construction loan facility and the revolving lines of credit in the maximum aggregate amount of \$26,975,000 made available to the Debtor by LBC (including, without limitation, any and all Liabilities of the Debtor under or in connection with any agreement ancillary to the Existing LBC Financing), including any and all Liabilities to repay any and all outstanding amounts thereunder; but subject to Section 3.5 of the SPA; (ii) any and all “Cure Costs” payable in respect of those contracts to be designated by the Purchaser as “Retained Contracts”; (iii) any and all Liabilities of the Debtor arising <i>after</i> Closing under or in connection with the Retained Contracts; (iv) any and all Liabilities of the Debtor under or in connection with Permitted Encumbrances; (v) any and all Liabilities of the Debtor under or in connection with the New LBC Financing (including, without limitation, the New LBC Financing Commitment Letter and the New LBC Financing Hypothecs); (vi) any and all Liabilities of the Debtor arising after Closing that relate to events or circumstances that occur after Closing; (vii) any and all Liabilities for Taxes other than any Liabilities for Taxes attributable to the period prior to Closing; and (viii) any other Liabilities specifically designated as Retained Liabilities by the Purchaser on Schedule G of the SPA. <p>The SPA provides that, unless specifically and expressly designated as Retained Liabilities, any and all Liabilities of the Debtor are Excluded Liabilities.</p>
Retained Assets and Excluded Assets	<p>The Retained Assets will consist of all properties, rights, assets, and undertakings of the Debtor that are not Excluded Assets including, without limitation, (a) the Immovable Property, (b) the Retained Contracts; and (c) to the extent transferable, the Permits and Licenses.</p> <p>The Excluded Assets will consist of (a) any and all Cash and Cash Equivalents, subject to Section 3.6 of the SPA; (b) the Excluded Contracts; and (c) any and all properties, rights, assets and undertakings of the Debtor that are listed as “Excluded Assets” on Schedule C.</p>
Retained Contracts and Excluded Contracts	<p>The Retained Contracts will consist of (a) the Existing LBC Financing Documentation; and (b) the Contracts listed at Schedule E of the SPA. All contracts that are not Retained Contracts will be considered as Excluded Contracts.</p>

Key Terms	SPA
Cure Costs	<p>Subject to Closing, the Purchaser shall cause the Debtor to timely pay all Cure Costs that are owed or required to be paid under or in connection with the Retained Contracts.</p> <p>The Purchaser shall have the right, in its sole discretion: (a) by written notice to the Vendor and the Receiver, at any time and from time to time prior to the Business Day before the hearing on the Approval and Vesting Order, to remove from Schedule E to the Purchase Agreement any Retained Contract listed on Schedule E in respect of which the counterparty disputes the amounts of the Debtor's monetary default thereunder, or (b) to agree to alternative arrangements with the counterparty to any Retained Contract.</p>
Transfer and Vesting of Excluded Liabilities, Excluded Contracts, and Excluded Assets to ResidualCo.	<p>Prior to the Effective Time of the Acquisition of the Purchased Shares and at the time provided for in the Pre-Closing Reorganization and the Approval and Vesting Order, all of the Debtor's rights, benefits and interests in and to the Excluded Assets shall be transferred to and vested in ResidualCo, all of the Debtor's rights, benefits and interests in, to and under the Excluded Contracts shall be assigned to and assumed by ResidualCo, and the Excluded Liabilities shall be transferred to, assumed by and vested in ResidualCo.</p> <p>Neither the Purchaser nor the Debtor shall retain, assume or have any Liability under, any of the Excluded Contracts, or under or in respect of any of the Excluded Liabilities, after the Effective Time of the Acquisition of the Purchased Shares and the Debtor shall be forever irrevocably released and discharged from all Excluded Liabilities.</p>
Mutual Closing Conditions	<p>The obligations of the Debtor, on the one part, and the Purchaser, on the other part, to complete the Transaction are subject to the following conditions being satisfied prior to or at Closing:</p> <ul style="list-style-type: none"> (i) the Approval and Vesting Order shall have been obtained and shall not have been stayed, varied, vacated, or appealed (or any such appeal shall have been dismissed with no further appeal therefrom); (ii) the Pre-Closing Reorganization shall have been completed in the order and in the timeframes set out in the Pre-Closing Reorganization and the Approval and Vesting Order; (iii) no applicable Laws and no judgment, injunction, order, or decree shall have been issued by a Governmental Entity or otherwise be in effect that restrains or prohibits the completion of the Transaction; and (iv) no motion, action or proceedings shall be pending by or before a Governmental Entity to restrain or prohibit the completion of the Transaction.
Closing Date	<p>Closing shall be the date on which all the closing conditions as per article 6 of the SPA are fulfilled.</p>

Key Terms	SPA
As is, where is	The Purchased Shares and, indirectly, the Retained Assets, the Retained Liabilities and the Retained Contracts, are being acquired on an “As is, where is” basis.

38. As reflected in the SPA, the Transactions contemplate the following reorganization steps to be implemented within the delays and sequence set out in the SPA and in the pre-closing reorganization attached thereto as **Schedule D** (collectively, the “**Reorganization**”):

Steps to be Implemented prior to the Issuance of the Approval and Reverse Vesting Order

- (a) Step 1: The Debtor incorporates a corporation (“**ResidualCo**”) under the QBCA with an authorized share capital consisting of a class of voting and fully participating common shares. The Debtor subscribes for one common share of ResidualCo for \$1.00;
- (b) Step 2: ResidualCo becomes party to the Receivership Proceedings in accordance with the Approval and Reverse Vesting Order sought;

Steps to be Implemented after the Issuance of the Approval and Reverse Vesting Order and before Closing

Steps 3 to 5 shall be implemented prior to the Closing Date (provided that all conditions to closing set forth in the Share Purchase Agreement other than the conditions to closing which, by their terms, may only occur on the Closing Date shall have been satisfied or waived as at such time), in the following order:

- (c) Step 3: As authorized pursuant to the Approval and Reverse Vesting Order, the Debtor shall file articles of amendment (the “**Articles of Amendment**”) providing for the following;
- a. the share terms of the Class “B” shares and the Class “C” shares in the share capital of the Debtor shall be amended to provide for a deemed redemption, without consideration and for cancellation, of all of the issued and outstanding Class “B” shares and Class “C” shares in the share capital of the Debtor, effective as of immediately prior to the issuance of the Purchased Shares (as defined below) to the Purchaser;
 - b. (i) any and all Class “A” shares, Class “D” shares, Class “E” shares, Class “F” shares, Class “G” shares, Class “H” shares and Class “I” shares in the share capital of the Debtor shall be cancelled without consideration (which classes of shares shall all be deleted and removed from the authorized share capital of the Debtor); and (ii) any and all agreements, contracts, plans, indentures, deeds, certificates, subscription rights, conversion rights (including convertible debentures), pre-emptive rights, voting rights, options (including stock option, warrants or share purchase or equivalent plans), or other documents or instruments governing any and all securities convertible,

exercisable for or exchangeable into Class "A" shares, Class "B" shares, Class "C" shares, Class "D" shares, Class "E" shares, Class "F" shares, Class "G" shares, Class "H" shares or Class "I" shares in the share capital of the Debtor shall be cancelled without consideration; and

- c. a new class of voting and fully participating common shares in the share capital of the Debtor, designated as Class "J" shares, shall be created (the "**Class "J" Common Shares**").
- (d) Step 4: The Debtor shall transfer the Excluded Assets to ResidualCo and ResidualCo shall assume the Excluded Liabilities as consideration for (i) the transfer of the Excluded Assets and (ii) the issuance by the Debtor of a non-interest bearing promissory note in the principal amount equal to the Cash Payment to ResidualCo Amount (as defined in the Share Purchase Agreement), if any (the "**Promissory Note**"). It is intended that novation of the Excluded Liabilities be affected. As a result of such transfer and assumption and such novation, and the Approval and Reverse Vesting Order, the Debtor shall be discharged of all Excluded Liabilities;
- (e) Step 5: The Debtor shall donate the one common share it owns in the share capital of ResidualCo to ResidualCo for cancellation;

Steps to be Implemented at Closing

- (f) Step 6: On the terms of the Share Purchase Agreement, as provided in Section 3.1 of the Share Purchase Agreement, the Purchaser shall subscribe for and purchase from the Debtor, 1,250,000 Class "J" Common Shares, being the Purchased Shares, in the share capital of the Debtor for a subscription price equal to the Purchase Price. Following the issuance of the Purchased Shares, the Debtor shall be deemed, immediately prior to such issuance, to have redeemed without consideration and for cancellation all of its Class "B" and Class "C" Shares in accordance with the terms of the Articles of Amendment;
- (g) Step 7: In accordance with the Approval and Reverse Vesting Order, all directors and officers of the Debtor shall be deemed to have resigned of their respective directorship or office as of the Effective Time of the Acquisition of the Purchased Shares;
- (h) Step 8: On the terms of the Share Purchase Agreement and the New LBC Financing Undertaking, the Purchaser shall cause the New LBC Financing Proceeds to be disbursed and paid to the Receiver, in trust, for the benefit of the Debtor; and
- (i) Step 9. On the terms of the Share Purchase Agreement, the Debtor shall use the cash received under Steps 6 and 8 above, in accordance with Section 3.4(b) of the Share Purchase Agreement, to retain an amount equal to the Administrative Reserve Amount, as well as an amount to cover claims validly secured by construction liens against the Immovable and then repay: (i) first, the principal amount of the Promissory Note, if any (for the payment of the Cash Payment to ResidualCo Amount), to ResidualCo, (ii) second, the amounts owing under the Interim LBC Financing to LBC; and (iii) third, the amounts owing under the Existing LBC Financing to LBC.

39. Unfortunately, given the results of the SISP, no distribution is expected to be made or paid to pre-filing unsecured creditors of the Applicants, as well as secured creditors other than the LBC, given that the consideration provided is not sufficient to satisfy the totality of the LBC's first-ranking security and debt.

4.2 The "Reverse Vesting" Structure

40. The Transactions outlined in the SPA are structured as a "*reverse vesting*" transaction and remains conditional on the issuance of an order substantially similar to the draft Approval and Reverse Vesting Order (Exhibit R-1).
41. In essence, instead of providing for a traditional asset sale transaction where all purchased assets are purchased and transferred to a purchaser on a "free and clear" basis, and all excluded assets, excluded contracts, excluded employees and excluded liabilities remain with the debtor company, the Transactions, due to the "*reverse vesting*" structure, will have the following effects, among others:
- (a) the Purchaser will subscribe for and own 100% of the issued and outstanding shares in the capital of the Debtor;
 - (b) Excluded Liabilities, Excluded Assets and Excluded Contracts will be assigned to ResidualCo so as to allow the Purchaser to acquire the Debtor on a "free and clear" basis. ResidualCo will ultimately be assigned into bankruptcy; and
 - (c) the Purchaser will retain the Retained Contracts (and related obligations), Retained Liabilities and Retained Assets, on a free and clear basis, save for the permitted encumbrances.
42. The sector in which the Debtor operates, being the real-estate development market, requires oversight and approvals from various municipal and government agencies, as well as various licenses, permits, certifications and approvals without which it cannot properly operate and complete the Project, let alone operate and sell the Project.
43. The Debtor currently maintains and benefits from multiple licenses, permits, certifications and approvals notably from the City of Montréal, which are essential to the Project and its overall business operations in Montréal.
44. As such, the "*reverse vesting*" structure will allow for the maintenance of these licenses, permits, certifications and approvals already in place, as opposed to forcing the Purchaser to seek the transfer (if possible) or issuance of new licenses, permits, certifications and approvals in the context of a traditional vesting structure, which process would be complex, and would necessarily involve indeterminate risk, delays, and costs, all of which could jeopardize the Transactions and the ultimate completion and exploitation of the Project.
45. Additionally, the "*reverse vesting*" structure will ensure that guarantees between the Debtor and certain co-contracting parties remain in effect. Finally, as an indirect benefit, the aforementioned structure will allow the Transactions to be implemented in the most efficient way, from a financial perspective, by minimizing implementation costs and expenses, including in relation to transfer.
46. No creditor will be materially prejudiced as a result of proceeding by way of a "*reverse vesting*" structure, as opposed to a traditional "*vesting*" structure.

47. Given the above, the Receiver believes that the "reverse vesting" structure is appropriate and necessary in the circumstances.

4.3 The Grounds for Approval of the SPA and of the Transactions

48. Ultimately, the Successful Bid submitted by Groupe Mach on behalf of the Purchaser constituted the best bid received by the Receiver in the context of the SISP and, as such, the Transactions contemplated by the SPA represent the best outcome for the Debtor and its stakeholders in the circumstances.
49. The Transactions and the SPA are the result of a robust and extensive solicitation process conducted by the Receiver, as well as negotiations and engagement with interested parties and potential purchasers after the commencement of the Receivership Proceedings.
50. The Transactions and the SPA should be approved by the Court, notably, for the following reasons:
- (a) the SISP was prepared by the Receiver, in consultation with the LBC (who is the Debtor's senior secured creditor), and such parties were in agreement with the reasonableness of the SISP and the timelines and milestones set out therein;
 - (b) the market has been adequately and thoroughly canvassed through a fulsome, fair and transparent SISP conducted after the commencement of the present Receivership Proceedings, with the Transactions provided for in the SPA representing, in the circumstances, the best transactions and outcome resulting from the SISP for the benefit of the Debtor's stakeholders as a whole;
 - (c) the consideration to be received in connection with the Transactions is fair and reasonable, as established by the SISP, which is the best available indicator of the market value of the Applicants' business and assets, and the Receiver is of the opinion that the Transactions achieve the highest realization for the Property under the circumstances;
 - (d) the Receiver's Report will state that, in the opinion of the Receiver, the Transactions will be more beneficial to the Debtor's creditors than a sale or disposition in a bankruptcy context;
 - (e) the Transactions are being proposed by the Purchaser, a company held by Groupe Mach who is a well-known and established player in the Québec real-estate market with ample experience in project development, thereby allowing for rapid a transaction with minimal closing conditions and the swift and efficient bringing to market of the Project;
 - (f) the Receiver has no reason to believe that the Purchaser will be unable to complete the Transactions, and Groupe Mach's Successful bid was unconditional and did not require any additional time to complete due diligence; and
 - (g) the LBC, which is the Debtor's principal senior secured creditor, has been consulted throughout the SISP and supports the approval of the SPA and the implementation of the Transactions.

51. As mentioned, the "*reverse vesting*" structure of the Transactions is warranted in the current circumstances given that:
- (a) the sector in which the Debtor operates requires oversight from various municipal and governmental agencies and requires the maintenance of various licences, permits, certifications and approvals, without which it cannot properly operate, complete construction of the Project, nor market and sell the Project as well as maintain the Project once finalized;
 - (b) the "*reverse vesting*" structure of the Transactions will prevent delays in the transition of the Debtor's business and allow for an efficient transition in an orderly manner, including with respect to maintaining the above licences, permits, certifications and approvals which are essential to the Debtor's business;
 - (c) given the Debtor's significant liquidity constraints, the delays, costs and uncertainty associated with transferring the above licences, permits, certifications and approvals, or otherwise seeking the issuance of new licences, permits, certifications and regulatory approvals, is not a viable option in the present circumstances;
 - (d) the "*reverse vesting*" structure does not put stakeholders, including creditors, contractual counterparties, and even shareholders in a worse position than they would have been under a traditional asset sale. Indeed, the SISF has demonstrated that the net realizable value of the business and assets of the Applicants does not exceed the amount of the Debtor's secured debt such that there is no prospect for recovery for any of the Debtor's other creditors, regardless of the structure employed. Furthermore, the "*reverse vesting*" structure will have no impact on the existing legal hypothecs registered against the Property as a portion of the purchase price proceeds shall be retained and transferred to ResidualCo, which shall remain in possession of the Receiver, in trust, until such further order of this Court;
 - (e) the Debtor is party to a significant number of contracts that will be retained under the SPA. To this end, the "*reverse vesting*" structure will avoid potentially significant delays and costs associated with having to seek consent to assignment from contract counterparties or, if consents could not be obtained, orders assigning such contracts under section 11.3 of the CCAA; and, finally,
52. The "*reverse vesting*" structure will ensure that guarantees between the Debtor and certain co-contracting parties remain in effect and, as an indirect benefit, the aforementioned structure will allow the Transactions to be implemented in the most efficient way, from a financial perspective, by, *inter alia*, minimize costs and expenses, including in relation to transfer taxes.
53. The Receiver understands that the LBC supports the relief sought herein, including the proposed "*reverse vesting*" structure.
5. **CONCLUSIONS**
54. In light of the foregoing, the Receiver respectfully submits that the Approval and Reverse Vesting Order should be granted by this Court.

FOR THESE REASONS, MAY IT PLEASE THIS COURT TO:

GRANT the Application.

ISSUE an order substantially in the form of the draft Approval and Reverse Vesting Order communicated in support of the Application as Exhibit R-1.

WITHOUT COSTS, save and except in case of contestation.

MONTREAL, June 6, 2025

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Attorneys for the Receiver

SWORN STATEMENT

I, the undersigned, Benoit Clouâtre, having my principal place of business at 1190, avenue des Canadiens-de-Montréal, Suite 500, in the city of Montréal, Province of Quebec, solemnly declare the following:

1. I am a partner at Deloitte Restructuring Inc.;
2. All the facts alleged in the *Application for the Issuance of an Approval and Reverse Vesting Order* are, to the best of my knowledge, true.

AND I HAVE SIGNED

Benoit Clouâtre

Solemnly declared before me at Montreal,
on the 6th day of June, 2025

Commissioner for the taking of Oaths for
the Province of Québec



NOTICE OF PRESENTATION

TO: Service List

TAKE NOTICE that the *Application for the Issuance of an Approval and Reverse Vesting Order* will be presented virtually for adjudication to the Honourable Andres C. Garin, J.C.S., of the Superior Court of Quebec, Commercial Division, District of Montréal, **on June 12, 2025, and is expected to start at 10:00 AM in room 16.04 of the Montréal Courthouse. Please note, however, that the hearing may start at a time following 10:00 AM.**

Room 16.04	<p><u>Join the Microsoft Teams meeting</u> +1 581-319-2194 Canada, Quebec (Toll number) (833) 450-1741 Canada (Toll-free number) Conference ID: 516 211 860# [Local numbers] [Reset PIN] [Learn more about Teams] [Meeting options] Join using a videoconferencing device teams@teams.justice.gouv.qc.ca VTC Conference ID: 1149478699 [Additional VETCH dial-in instructions]</p>
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DO GOVERN YOURSELVES ACCORDINGLY.

MONTREAL, June 6, 2025

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Attorneys for the Receiver

SUPERIOR COURT (Commercial Division)	
Nº. 500-11-065195-253	
CANADA PROVINCE OF QUÉBEC DISTRICT OF MONTRÉAL	
IN THE MATTER OF THE RECEIVERSHIP OF: 9408-7129 QUÉBEC INC.	
	Debtor
- and - LAURENTIAN BANK OF CANADA	
	Secured Creditor
- and - DELOITTE RESTRUCTURING INC.	
	Receiver/Petitioner
- and - COMPLEXE DU MUSÉE INC.	
	Impleaded Party (Purchaser)
-and- GROUPE MACH ACQUISITION INC.	
	Impleaded Party (Guarantor)
-and- THE REGISTRAR OF THE REGISTER OF PERSONAL MOVABLE REAL RIGHTS (QUEBEC)	
-and- THE REGISTRAR OF THE LAND REGISTER FOR THE REGISTRATION DIVISION OF MONTREAL	
BS0350	Impleaded Parties Our file : 140238.1005
APPLICATION FOR THE ISSUANCE OF AN APPROVAL AND REVERSE VESTING ORDER (Sections 183(1.1) and 243 of the Bankruptcy and Insolvency Act)	
ORIGINAL	
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